

**S.A.F.E. Act**  
**Secure and Fair Enforcement for Mortgage Licensing Act**  
**Procedures**

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<p><b>Covered Loans</b></p>	<p>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. Covered loans include 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.</p> <p>Commercial loans are not subject to the S.A.F.E. Act.</p>
<p><b>S.A.F.E. Act Officer Responsibilities</b></p>	<p>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.</p> <p>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</p> <p>The S.A.F.E. Act Officer must also:</p> <ul style="list-style-type: none"> <li>• Work with the Senior Lending Officer to identify all employees who meet the definition of Mortgage Loan Originator (MLO)</li> <li>• Review all job descriptions semi-annually, working with the Senior Lending Officer, to ensure that all appropriate personnel area registered as required.</li> <li>• Process fingerprinting and background checks on new hires for MLO positions through the Registry;</li> <li>• register the Bank with the Nationwide Mortgage Licensing System and Registry (Registry) according to procedures established by the Registry and banking regulators</li> <li>• The S.A.F.E. Act Officer and designees will enter Bank data into the Registry and must follow Registry processes to verify their identity and attest that: <ul style="list-style-type: none"> <li>○ They have the authority to enter data on bank's behalf</li> <li>○ The information provided to the Registry is correct</li> <li>○ The Bank will keep the information required, and</li> <li>○ The Bank will file accurate supplementary information on a timely basis.</li> </ul> </li> <li>• register all MLOs employed by the bank, and</li> <li>• monitor for changes to personal data (change of address, etc), submitting such changes to the Registry.</li> <li>• *-Ensure that information submitted to the Registry is accurate. The S.A.F.E. Act Officer will validate information</li> </ul>

	<p>supplied by the employee with information from Human Resources records and other appropriate internal records. The S.A.F.E. Act Officer will submit the information electronically or any other specific method as dictated by the agencies' registration system.</p> <ul style="list-style-type: none"> <li>• Ensure that MLO Unique Identifiers are printed on the business cards of MLOs and added to email signatures. MLOs must include Unique Identifiers on all correspondence.</li> <li>• Provide the Unique Identifiers of all MLOs employed by the Bank available to the public upon request.</li> </ul>
<p><b>Mortgage Loan Originator Definition</b></p>	<p>Mortgage Loan Originator means an individual who:</p> <ul style="list-style-type: none"> <li>• Takes a residential mortgage loan application, and</li> <li>• Offers or negotiates terms of a residential mortgage loan for compensation or gain.</li> </ul> <p>MLO does not include:</p> <ul style="list-style-type: none"> <li>• an individual who performs purely administrative or clerical tasks on behalf of a MLO, or</li> <li>• 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</li> <li>• an individual or entity solely involved in extensions of credit related to timeshare plans.</li> </ul>
<p><b>Compensation or Gain</b></p>	<p>The following example of Compensation or Gain is from Appendix A:</p> <p>The following examples illustrate when an employee does or does not offer or negotiate terms of a loan “for compensation or gain.”</p> <p>(1) Offering or negotiating terms of a loan for compensation or gain includes engaging in any of the activities in paragraph (b)(1) of this Appendix in the course of carrying out employment duties, even if the employee does not receive a referral fee or commission or other special compensation for the loan</p> <p>(2) Offering or negotiating terms of a loan for compensation or gain does not include engaging in a seller-financed transaction for the employee’s personal</p>

	property that does not involve the insured state nonmember bank
<b>MLO Responsibilities</b>	<ul style="list-style-type: none"> <li>• Provide all required Employee Information (as defined in this procedure) to the S.A.F.E. Act Officer.</li> <li>• Although the S.A.F.E. Act Officer or designee will process the transmission of employee information to the Registry, the MLO employee must: <ul style="list-style-type: none"> <li>• Authorize the Registry and the employing institution to obtain information related to sanctions or findings in any administrative, civil or criminal action, to which the employee is a party, made by any governmental jurisdiction</li> <li>• Attest to the correctness of all required information submitted on behalf of the employee by our institution</li> <li>• Authorize the Registry to make available to the public information as required by the law</li> </ul> </li> <li>• Registered MLOs must provide their unique identifier to consumers: <ul style="list-style-type: none"> <li>• Upon request</li> <li>• Before acting as an MLO</li> <li>• Through their initial written communication with a consumer, if any, whether on paper or electronically</li> </ul> </li> </ul>

<b>Senior Lending Officer Responsibilities</b>	<p>The Senior Lending Officer must</p> <ul style="list-style-type: none"> <li>• monitor employee activities on an ongoing basis to ensure that the Bank does not allow non-registered employees to conduct any activities associated with mortgage loan origination.</li> <li>• review all contracts with third-party providers with which the Bank has arrangements related to mortgage loan origination and ensure that they include a provision attesting that the third party complies with the S.A.F.E. Act, including but not limited to appropriate licensing and/or registration of individuals acting as MLOs.</li> </ul>
<b>Employee Failing to Comply with Registration Requirements</b>	<p>If the Bank determines that an employee has failed to comply with the registration requirements or any other requirement, such as providing applicants with their unique identifier, they will be disciplined according to our the established process for this law. Such discipline may include termination of the employee.</p>
<b>Registry</b>	<p>The Nationwide Mortgage Licensing System and Registry (Registry) is the system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators for the State Licensing and registration of State licensed mortgage loan originators and the registration of mortgage loan originators The Registry will not screen or approve individuals as MLOs. The registry is a repository of and conduit for, information on those employees who are mortgage loan originators at federally regulated institutions.</p>
<b>Registration Requirements</b>	<p>All employees who are defined as Mortgage Loan Originators (MLOs) must be registered with the system designed by the federal banking regulators.</p>
<b>De minimis MLO Activity</b>	<p>Employees who have never been registered or licensed through the Nationwide Mortgage Licensing System and Registry as an MLO and who have acted as an MLO for 5 or fewer residential mortgage loans during the last 12 months are not required to register. Appendix A of the regulation includes non-exclusive examples of MLO activity.</p>
<b>Effective Date of Registration Not dependent upon receipt of background check or results of fingerprint</b>	<p>A registration effective date is not delayed for fingerprint or criminal background check processing.</p> <p>The Registry will conduct a completeness check of the information submitted by or on behalf of the registrant. At the time the Registry determines all required information has been submitted and all Registry requirements have been met, such as payment of applicable fees charged by the Registry, it will transmit notification electronically to the registrant that he or she is registered or that his or her registration is renewed or updated, as applicable.</p> <p>The employing bank will be responsible for reviewing the criminal</p>

	<p>history background report once it is completed, and taking any necessary action based on the findings of this report, pursuant to the institution's policies and procedures, as required by this final rule. We note that the registrant will obtain a unique identifier during the registration process and not when the registration is complete.</p>
<b>Adequacy and Accuracy of Employee Registration</b>	<p>MLOs must make the following Employee Information available for submission to the Registry. The Bank policy is to collect the appropriate information from the MLOs and submit it to the registry on the MLO's behalf. This allows the Bank to maintain control over the process, ensure that all required information is provided, and that all MLOs are properly registered.</p> <p>MLOs are not authorized to enter their information in the Registry. This must be done by the S.A.F.E. Act Officer or designee.</p> <p>The Bank will use a facsimile of Form MU4 (see Appendix A) or gathering and maintaining this information.</p>
<b>Employee Information</b>	<ul style="list-style-type: none"> <li>• Current name and any other names used</li> </ul>
	<ul style="list-style-type: none"> <li>• Home address and contact information</li> </ul>
	<ul style="list-style-type: none"> <li>• Address of the employee's principal business location and business contact information</li> </ul>
	<ul style="list-style-type: none"> <li>• Social security number</li> </ul>
	<ul style="list-style-type: none"> <li>• Gender</li> </ul>
	<ul style="list-style-type: none"> <li>• Date and place of birth</li> </ul>
	<ul style="list-style-type: none"> <li>• Financial services-related employment history for the 10 years prior to the date of registration or renewal, including the date the employee became an employee of our bank</li> </ul>
	<ul style="list-style-type: none"> <li>• Convictions of any criminal offense involving dishonesty, breach of trust, or money laundering, or agreements to enter into a pretrial diversion or similar program in connection with the prosecution for such offense, against the employee or organizations controlled by the employee</li> </ul>
	<ul style="list-style-type: none"> <li>• Civil judicial actions against the employee in connection with financial services-related activities, dismissals with settlements, or judicial findings that the employee violated financial services-related statutes or regulations, except for actions dismissed without a settlement agreement</li> </ul>
	<ul style="list-style-type: none"> <li>• Actions or orders by a state or federal regulatory agency or foreign financial regulatory authority that: <ul style="list-style-type: none"> <li>— Found the employee to have made a false statement or omission or been dishonest, unfair or unethical; to have been involved in a violation of a financial services-related regulation or statute; or to have been a cause of a financial</li> </ul> </li> </ul>

	services-related business having its authorization to do business denied, suspended, revoked, or restricted
	— Are entered against the employee in connection with a financial services-related activity
	— Denied, suspended, or revoked the employee's registration or license to engage in a financial services-related activity; disciplined the employee or otherwise by order prevented the employee from associating with a financial services-related business or restricted the employee's activities
	— Barred the employee from association with an entity or its officers regulated by the agency or authority or from engaging in a financial services-related business
	<ul style="list-style-type: none"> <li>• Final orders issued by a state or federal regulatory agency or foreign financial regulatory authority based on violations of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct</li> </ul>
	<ul style="list-style-type: none"> <li>• Revocation or suspension of the employee's authorization to act as an attorney, accountant, or state or federal contractor</li> </ul>
	<ul style="list-style-type: none"> <li>• Customer-initiated financial services-related arbitration or civil action against the employee that required action, including settlements, or which resulted in a judgment</li> </ul>
<b>Fingerprints</b>	<p>The S.A.F.E. Act Officer will direct MLOs to obtain fingerprints from _____ and will submit MLO fingerprints to the Registry for processing.</p> <p>All Fingerprints must be submitted to the Registry by the S.A.F.E. Act Officer.</p> <p>Fingerprints are that less than 3 years old may be used to satisfy this requirement for new employees hired after initial implementation.</p>
<b>Employee Authorization and Attestation</b>	<p>Although the S.A.F.E. Act Officer will process the transmission of employee information to the Registry, the MLO employee must:</p>
	<ul style="list-style-type: none"> <li>• Authorize the Registry and the employing institution to obtain information related to sanctions or findings in any administrative, civil or criminal action, to which the employee is a party, made by any governmental jurisdiction</li> </ul>
	<ul style="list-style-type: none"> <li>• Attest to the correctness of all required information submitted on behalf of the employee by our institution</li> </ul>
	<ul style="list-style-type: none"> <li>• Authorize the Registry to make available to the public information as required by the law</li> </ul>



<b>Bank Registration Information</b>	The S.A.F.E. Act Officer will submit the following information about bank to the Registry:
	<ul style="list-style-type: none"> <li>• Name, main office address, and business contact information</li> </ul>
	<ul style="list-style-type: none"> <li>• Internal Revenue Service Employer Tax Identification Number (EIN)</li> </ul>
	<ul style="list-style-type: none"> <li>• Research Statistics Supervision and Discount (RSSD) number, as issued by the Board of Governors of the Federal Reserve System</li> </ul>
	<ul style="list-style-type: none"> <li>• Identification of our primary federal regulator</li> </ul>
	<ul style="list-style-type: none"> <li>• Name(s) and contact information of the individual(s) with authority to act as BANK's primary point of contact for the Registry</li> </ul>
	<ul style="list-style-type: none"> <li>• Name(s) and contact information of the individual(s) with authority to enter the information required to the Registry and who may delegate this authority to other individuals</li> </ul>
	<ul style="list-style-type: none"> <li>• If a subsidiary of an insured state nonmember institution, that notation and the RSSD number of BANK's parent bank</li> </ul>
<b>Attestation</b>	The S.A.F.E. Act Officer and designees authorized to enter Bank data into the Registry must comply with Registry protocols to verify their identity and must attest that:
	<ul style="list-style-type: none"> <li>• They have the authority to enter data on Bank's behalf</li> </ul>
	<ul style="list-style-type: none"> <li>• The information provided to the Registry is correct</li> </ul>
	<ul style="list-style-type: none"> <li>• Bank will keep the information required</li> </ul>
	<ul style="list-style-type: none"> <li>• Bank will file accurate supplementary information on a timely basis</li> </ul>
<b>Unique Identifier Assignment</b>	Once registered, MLOs will receive a unique identifier that they will keep as long as they perform MLO activities and are registered and/or licensed. The Bank will make the unique identifiers of all of MLOs employed by the Bank available to consumers upon request.
	These identifiers will be kept with other records that demonstrate compliance with this rule by the COMPLIANCE OFFICER.
<b>Provide Unique Identifier to Consumers</b>	BANK's registered MLOs must provide their unique identifier to consumers:
	<ul style="list-style-type: none"> <li>• Upon request</li> </ul>
	<ul style="list-style-type: none"> <li>• Before acting as an MLO</li> </ul>
	<ul style="list-style-type: none"> <li>• Through their initial written communication with a consumer, if any, whether on paper or electronically</li> </ul>

<b>Training</b>	<p>MLOs must be fully trained about their responsibilities under the law. All new originators, even if they have been registered or licensed at another financial institution, S.A.F.E. Act training within 90 days of their employment. The S.A.F.E. Act Officer will keep copies of the training material, the date of the training, and a list of persons attending.</p> <p>Training will be repeated for all MLOs at least annually or more often if the rule changes or if, based on internal or external audits, violations have occurred.</p>
<b>Registration and Renewal Requirements</b>	<p>The S.A.F.E. Act Officer or designee will update information provided to the Registry within 30 days of the date it is no longer accurate and renew MLO registrations during the annual renewal period, which is defined in the regulation as November 1 through December 31 of each year. An MLO who completed his or her original registration after July 1 need not renew the registration during the annual renewal period of that year.</p>
	<p>The S.A.F.E. Act Officer or designee will assist MLOs in updating and renewing their information as long as they are employed with BANK.</p>
	<p>All MLOs must:</p> <ul style="list-style-type: none"> <li>• Renew the registration during the annual renewal period</li> <li>• Confirm that the information originally sent remains accurate and complete</li> <li>• Update the registration within 30 days of any of the following events: <ul style="list-style-type: none"> <li>— A name change</li> <li>— The MLO no longer works for us, or</li> <li>— The information required becomes inaccurate, incomplete, or out-of-date.</li> </ul> </li> </ul>

<p><b>New Employees Previously or Currently Licensed</b></p>	<p>If the Bank hires a person who is already registered or licensed, has obtained a unique identifier from the Registry, and has maintained this registration or license, then the registration requirements of the S.A.F.E. Act are met if:</p> <ul style="list-style-type: none"> <li>• The Bank updates the employment information with the Registry</li> <li>• BANK ends new fingerprints of the employee to the Registry for a background check, unless the employee has fingerprints on file with the Registry that are less than 3 years old</li> <li>• BANK has submitted its own information to the Registry</li> </ul>
<p><b>New Employees via Acquisitions, Mergers, Reorganizations</b></p>	<p>When registered or licensed MLOs become BANK employees as a result of an acquisition, merger, or reorganization, COMPLIANCE must follow the above rules for new employees within 60 days of the effective date of the acquisition, merger, or reorganization. New fingerprints are not required when new MLOs join the bank as a result of an acquisition, merger or reorganization; however, the banking regulators do recommend some level of screen for these prospective employees to confirm their identities.</p>
<p><b>Criminal History Review</b></p>	<p>COMPLIANCE must review all criminal history background reports on employees received from the FBI through the Registry and notify BANK senior management. Appropriate action, including termination of that employee, must be taken as long as it is consistent with federal and state law.</p>
<p><b>Third Party Provider Due Diligence</b></p>	<p>The Senior Lending Officer must review all contracts with third-party providers with which the Bank has arrangements related to mortgage loan origination and ensure that they include a provision attesting that the third party complies with the S.A.F.E. Act, including but not limited to appropriate licensing and/or registration of individuals acting as MLOs.</p>
<p><b>Independent Testing</b></p>	<p>An annual audit of the requirements of the act, including, if appropriate, monitoring of third-party procedures, will be conducted by the Bank's internal audit department or an independent third party. The results of the audit will be presented to Senior Bank management and the Audit Committee along with management responses for any violations or exceptions.</p>

## Appendix A of Final Rule

### S.A.F.E. Act Examples of Mortgage Loan Originator Activities

This Appendix, provided by the banking regulatory agencies, provides examples to aid in the understanding of activities that would cause an employee of a bank to fall within or outside the definition of mortgage loan originator. The examples in this Appendix are not all inclusive. They illustrate only the issue described and do not illustrate any other issues that may arise under this subpart

For the purposes of the examples below, the term “loan” refers to a residential mortgage loan

(a) Taking a loan application: The following examples illustrate when an employee takes, or does not take, a loan application

(1) Taking an application includes: receiving information provided in connection with a request for a loan to be used to determine whether the consumer qualifies for a loan, even if the employee

- (i) has received the consumer’s information indirectly in order to make an offer or negotiate a loan;
- (ii) is not responsible for further verification of information;
- (iii) is inputting information into an online application or other automated system on behalf of the consumer; or
- (iv) is not engaged in approval of the loan, including determining whether the consumer qualifies for the loan

(2) Taking an application does not include any of the following activities performed solely or in combination:

- (i) Contacting a consumer to verify the information in the loan application by obtaining documentation, such as tax returns or payroll receipts;
- (ii) Receiving a loan application through the mail and forwarding it, without review, to loan approval personnel;
- (iii) Assisting a consumer who is filling out an application by clarifying what type of information is necessary for the application or otherwise explaining the qualifications or criteria necessary to obtain a loan product;
- (iv) Describing the steps that a consumer would need to take to provide information to be used to determine whether the consumer qualifies for a loan or otherwise explaining the loan application process;
- (v) In response to an inquiry regarding a prequalified offer that a consumer has received from a bank, collecting only basic identifying information about the consumer and forwarding the consumer to a loan originator; or
- (vi) Receiving information in connection with a modification to the terms of an existing loan to a borrower as part of the bank’s loss mitigation efforts when the borrower is reasonably likely to default

(b) Offering or negotiating terms of a loan. The following examples are designed to illustrate when an employee offers or negotiates terms of a loan, and conversely, what does not constitute offering or negotiating terms of a loan

(1) Offering or negotiating the terms of a loan includes:

(i) Presenting a loan offer to a consumer for acceptance, either verbally or in writing, including, but not limited to, providing a disclosure of the loan terms after application under the Truth in Lending Act, even if: (A) further verification of information is necessary; (B) the offer is conditional; (C) other individuals must complete the loan process; or (D) only the rate approved by the bank's loan approval mechanism function for a specific loan product is communicated without authority to negotiate the rate

(ii) Responding to a consumer's request for a lower rate or lower points on a pending loan application by presenting to the consumer a revised loan offer, either verbally or in writing, that includes a lower interest rate or lower points than the original offer

(2) Offering or negotiating terms of a loan does not include solely or in combination:

(i) Providing general explanations or descriptions in response to consumer queries regarding qualification for a specific loan product, such as explaining loan terminology (i.e., debt-to-income ratio); lending policies (i.e., the loan-to-value ratio policy of the insured state nonmember bank); or product-related services;

(ii) In response to a consumer's request, informing a consumer of the loan rates that are publicly available such as on the insured state nonmember bank's Web site for specific types of loan products without communicating to the consumer whether qualifications are met for that loan product;

(iii) Collecting information about a consumer in order to provide the consumer with information on loan products for which the consumer generally may qualify, without presenting a specific loan offer to the consumer for acceptance, either verbally or in writing;

(iv) Arranging the loan closing or other aspects of the loan process, including communicating with a consumer about those arrangements, provided that communication with the consumer only verifies loan terms already offered or negotiated;

(v) Providing a consumer with information unrelated to loan terms, such as the best days of the month for scheduling loan closings at the bank;

(vi) Making an underwriting decision about whether the consumer qualifies for a loan;

(vii) Explaining or describing the steps or process that a consumer would need to take in order to obtain a loan offer, including qualifications or criteria that would need to be met without providing guidance specific to that consumer's circumstances; or

(viii) Communicating on behalf of a mortgage loan originator that a written offer, including disclosures provided pursuant to the Truth in Lending Act, has been sent to a consumer without providing any details of that offer

(c) The following examples illustrate when an employee does or does not offer or negotiate terms of a loan “for compensation or gain.”

- (1) Offering or negotiating terms of a loan for compensation or gain includes engaging in any of the activities in paragraph (b)(1) of this Appendix in the course of carrying out employment duties, even if the employee does not receive a referral fee or commission or other special compensation for the loan
- (2) Offering or negotiating terms of a loan for compensation or gain does not include engaging in a seller-financed transaction for the employee’s personal property that does not involve the insured state nonmember bank

SAMPLE