



Established in 1973, NAMB – The Association of Mortgage Professionals is the only national trade association representing the mortgage professional industry. With members in all 50 states, NAMB promotes the industry through programs and services such as education, professional certification and government affairs representation. NAMB members subscribe to a code of ethics and best lending practices that foster integrity, professionalism and confidentiality when working with consumers.

TALKING POINTS RE: H.R. 2121 – “Transitional Licensing Act of 2015”

Transitional Licensing - NAMB agrees with the objectives of creating a safe transitional license framework that protects consumers. NAMB was a prime creator and advocate of the current Secure and Fair Enforcement of Mortgage Licensing (SAFE) Act, creating the present licensing and registration system requiring education, testing and background checks before dealing with consumers. **NAMB believes state law and regulations are in place for consumer protection and should not be by-passed by those not properly educated and tested.** HR 2121 and any Senate companion bill will dilute all states rights to protect consumers.

The Problem - Under current rules, a registered loan originator working at a Depository Institution could apply for a mortgage originator license in the state they are seeking work. The problem arises when this fact becomes public at application. This fact creates conflict and distrust for the individual and in some cases, “registered” loan originators have lost their jobs. Another issue arises when a current state licensed loan originator seeks to operate in another state. Provisions to allow temporary authority for a loan originator to operate unlicensed in another state are not needed and raises consumer protection issues. Temporary unlicensed activity disrupts state obligation and rights to protect their consumers from unlicensed activity. One of the touchstones of the Dodd-Frank Act was to permit states to go beyond Federal law to protect consumers in their state. HR 2121 completely nullifies state consumer protections. NAMB offers constructive improvements to transitional licensing efforts in the paragraphs below.

Consumer Protection is Paramount - NAMB understands the issues relating to transitional licenses from those working at banks where education and testing is not required. NAMB believes all loan originators need to prepare for working in their home state or any other state by getting the education, criminal background checks, test-taking, and making application for a loan originator license before they deal with consumers. This is the only way to protect the stringent requirements set out in state and Federal law today and to protect consumers from individuals not fully licensed seeking to enter the loan originator work force.

Solution - Federal legislation is not required to fix the problem. The best solution would be for the Nationwide Mortgage Licensing System (NMLS) to create a blanket rule to prohibit the licensing system from disclosing who is applying for a loan originator license and to keep applications private so their current employer would not know their employee has applied for a loan originator license until the applicant is issued a license. States wishing to participate could issue loan originator licenses without a sponsoring lender or mortgage broker company being designated. Designation and sponsorship should be required after completing all requirements for obtaining a loan originator license. This solution would protect consumers from the dangers of unlicensed loan originator activity.

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