

Audit of licensing secure and fair enforcement of mortgage licensing act

Law



Audit of Licensing / Secure and Fair Enforcement of Mortgage Licensing Act

Secure and Fair Enforcement of Mortgage Licensing Act Background The SAFE Act which is the Secure and Fair Enforcement of Mortgage Licensing Act of 2008 was executed to amass and enhance the flow of information between regulators, to provide an increase in accountability levels and improve tracking of residential mortgage loan originators (MLOs), embellish protection of consumers, reduce fraud levels and provide consumers with information they can easily access. The Act also requires individuals, financial institutions and their subsidiaries to initially register with the National Mortgaging Licensing System and Registry (NMLS) and acquire unique identifiers for use in communication with their consumers before they can start engaging in any business of a residential mortgage loan originator. The Enterprise Risk Management therefore, has identified licensing as being one of the Union Bank's top corporate risks. There is usually a legal centralized licensing team that is responsible for ensuring that companies and their employees hold and maintain the appropriate licenses to enable them to conduct their business activities. The risk of licensing on the other hand is overseen by the Mortgage Regulatory Compliance committee (MRCC) and Board of Audit Committees. The Union Bank also requires various mortgage licenses to be able to engage in its activities of origination, sales and purchase, servicing and collection of mortgage loans. These licenses are lending licenses, servicing licenses, collection licenses, branch licenses and license for individual MLOs. The Union Bank must therefore obtain these licenses and without them it will not be able to conduct its business.

Conclusion

From the study and research carried out concerning the Secure and Fair Enforcement for Mortgage Act of 2008, a conclusion is attained that the effectiveness of the Licensing Audit from the overall audit rating has been achieved. The current controls of licensing in relation to tracking of individual Mortgage Loan Originators licenses, both pending and approved, as well as the applications for renewal are in consistence with the prevailing risks.

The inherent risk being high and stable is as a result of the risks associated with SAFE Act and its specific requirements

The residual risk being high and decreasing is as a result of procedures and controls in place not requiring significant modification to support the business objectives of the legal team that are related to SAFE Act.

We gained a confirmation from overall result that the legal team regularly makes plans for the SAFE Act related to licensing requirements besides oversees their effectiveness. Tracking of both pending and approved individual MLO licenses, as well as renewal applications for existing licenses is done using STRATA database. Meetings are held on a weekly basis with third party council to discuss new and emerging state licensing requirements, aid with the filing required and ensure coordination with state regulators. Finally, the role of the tracker on the other hand is to track, implement and maintain new federal and state regulatory requirements, in conjunction with amending of the existing ones, and make certain that there is adherence to state licensing requirements by the other departments within the company.