

MEMBERS 1ST CREDIT UNION

SAFE ACT POLICY AND PROCEDURE

Revised 01/2021

Approved 01/21/2021

POLICY

It is the policy of Members 1st Credit Union, "Credit Union", to comply with the requirements of the Secure and Fair Enforcement for Mortgage Licensing Act (S.A.F.E. Act) and the statute's implementing regulations.

The S.A.F.E. Act requires any Credit Union employee who acts as a residential "mortgage loan originator" (MLO) to register with the Nationwide Mortgage Licensing System and Registry ("Registry"), to use the Registry's unique identifier as required, and maintain this registration.

The Credit Union requires all mortgage loan originators to follow its written policies and procedures to ensure compliance with these requirements.

If the Credit Union determines that an employee has failed to comply with the registration requirements or any other requirements under the Act, the employee will be disciplined accordingly. Such disciplinary actions may include prohibiting such employees from acting as an MLO or other appropriate disciplinary actions up to, and including, termination of the employee.

The Credit Union's CEO will be designated as "Account Administrator"; the individual who will have full access to Credit Union and employee data. The Account Administrator will coordinate with appropriate staff to ensure that the Credit Union maintains policies and procedures.

PURPOSE

The SAFE Act provides that the objectives of this registration include:

- Aggregating and improving the flow of information to and between Regulators
- Providing increased accountability and tracking of MLOs
- Enhancing consumer protections
- Supporting anti-fraud measures
- Providing consumers with easily-accessible information at no charge regarding the employment history of, and publicly adjudicated disciplinary and enforcement actions against, MLOs

MORTGAGE LOAN ORIGINATOR (MLO)

A mortgage loan originator or MLO is an employee who:

- Takes a residential mortgage loan application
- Offers or negotiates the terms of a residential mortgage loan for compensation or gain

This definition does not include employees who perform purely administrative or clerical tasks on behalf of an MLO.

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RESIDENTIAL MORTGAGE LOAN IS:

Any loan for personal, family, or household use that is secured by a mortgage deed of trust or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed, or intended to be constructed as a dwelling and includes refinancing, reverse mortgages, home equity lines of credit, and other first and additional lien loans that meet the qualifications listed in this definition.

Commercial loans are not subject to the SAFE Act.

UNIQUE IDENTIFIER

The unique identifier permanently identifies a Registered MLO and is assigned by protocols established by the Nationwide Mortgage Licensing System and Registry, the Federal banking Agencies and the Farm Credit Administration to facilitate Electronic tracking of MLOs and Uniform identification of, and public access to, the employment history and publicly disciplinary and enforcement actions against MLOs

This Unique Identifier cannot be used for purposes other than those set forth under the SAFE Act.

The MLO must provide the unique identifier to a member upon request, before acting as an MLO, and through the MLO's initial written (or electronic) communication with a member.

The Unique Identifier should be printed on MLOs business cards and added to MLOs email signatures. In addition, it must also be provided on the following loan documents:

- Loan Estimate
- Commitment Letter
- Credit Application
- Note or Loan Contract
- Security Instrument

If there is more than one loan originator on the transaction, the name and unique identifier of the originator primarily responsible for the transaction will be listed.

REGISTRATION REQUIREMENTS

An MLO must complete an initial registration with the Registry. If a staff member was registered or licensed and had obtained a unique identifier from the Registry and has maintained this registration or license before the staff member becomes an MLO at the Credit Union, then the registration requirements of the SAFE Act are deemed to be met provided that:

- The employment information of this section is updated and the requirements of this section are met

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- New fingerprints of the staff member are submitted to the Registry for a background check, unless the staff member has fingerprints on file with the Registry that are less than three (3) years old
- The credit union information – to the extent the credit union has not previously met these requirements – is submitted to the Registry
- The registration is maintained as of the date that the staff member becomes an MLO

MAINTAINING REGISTRATION

An MLO who is registered with the Registry must:

- Renew the registration during the annual renewal period (November 1st and December 31st) and update this information, as appropriate
- Update the registration within 30 days of any of the following events:
 - A change in the name of the registrant
 - The registrant ceases to be a staff member of the credit union; or
 - The information required in the following section becomes inaccurate, incomplete or out-of-date

REQUIRED STAFF INFORMATION

An MLO must provide the following information to the Registry as well as any additional information required by the Registry:

- Identifying information, including: name and any other names used
- Home address and contact information
- Principal business location address and business contact information
- Social Security number
- Gender
- Date and place of birth
- Financial services-related employment history for the 10 years prior to the date of registration or renewal, including the date the MLO became an employee of the credit union
- Any criminal convictions involving dishonesty, breach of trust, or money laundering
- Civil judicial actions in connection with financial services-related activities
- Disciplinary actions or orders by a state or federal regulatory agency
- Any suspension or revocation of an individual's professional license (e.g., attorney, accountant, state or federal contractor)
- Fingerprints in digital form (if practicable) for submission to the Federal Bureau of Investigation

A registered MLO must maintain his or her registration, unless the individual is no longer engaged in the activity of MLO. The annual registration review requirement does not apply to a registered MLO who has completed his or her registration with the Registry less than six (6) months prior to the end of the annual renewal period.

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The registration and renewal is effective on the date the Registry transmits notification to the registrant that the registrant is registered.

AUTHORIZATION AND ATTESTATION

Any employee registering, renewing or updating registration as an MLO must authorize the Registry to:

- Obtain information related to any administrative, civil, or criminal actions
- Attest to the correctness of the information whether submitted by the employee or by the credit union on the employee's behalf
- Authorize the Registry to make available to the public information regarding employment history and any disciplinary or enforcement acts that have been initiated against the MLO

COMPLIANCE RESPONSIBILITIES

The Credit Union CEO or any designated staff member is required to:

- Register the credit union, keep registration information updated, and renew the information on an annual basis
- Identify new and existing employees who meet the definition of "mortgage loan originator" (MLO) and ensure that they are registered before performing any MLO duties
- Train new mortgage lending department staff on SAFE Act requirements prior to registration, and review requirements with existing staff prior to renewal
- Confirm the adequacy and accuracy of employee registrations, including updates and renewals, by comparisons with the credit union's own records
- Develop systems for monitoring compliance with employees' registration and renewal requirements and procedures
- Review employee criminal history background reports received through the Registry and maintain records of these reports and any actions taken with respect to applicable employees
- Ensure that any third parties involved in mortgage loan origination have policies and procedures to comply with the S.A.F.E. Act, including appropriate licensing and/or registration of individuals acting as mortgage loan originators
- Conduct an independent audit for compliance with the S.A.F.E. Act's requirements at least annually by credit union personnel outside of the mortgage department or by an outside party (Exhibit "A")
- Provide for appropriate action in the case of any staff who fails to comply with the registration requirements of the SAFE Act, or the Credit Union's related policies and procedures, including prohibiting such staff from acting as an MLO or other appropriate disciplinary actions

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I understand and agree that I have received a copy of Members 1st Credit Union SAFE Act Policy and will comply with the policies and procedures contained in this policy and any revisions and am bound by the provisions contained therein.

Signature

Date

MEMBERS 1ST CREDIT UNION

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Exhibit "A"

SECURE AND FAIR ENFORCEMENT FOR MORTGAGE LICENSING ACT (SAFE ACT) (REGULATION G) AUDIT

Item	Description	Yes	No	N/A
1	Does the credit union have a process for identifying which employees of the Credit Union must be federally-registered as MLOs? (§ 1007.104(a))?			
2	Does the Credit Union have probationary procedures for new MLOs? (§ 1007.103(a)(2))			
3	Does the credit union monitor and regularly review loan transactions to make sure that only registered MLOs are performing MLO activity? (§ 1007.103(a)(2))			
4	Does the credit union require that all employees who are MLOs know about the federal registration requirements of the SAFE Act and Regulation G and be told how to comply? (§ 1007.104(b))			
5	Does the credit union have procedures for confirming the adequacy and accuracy of the credit union's registration (NMLS Form MU1R)? (§ 1007.103(e))			
6	Is all information in the credit union's NMLS Form MU1R current? (§ 1007.103(e))			
7	Does the credit union have procedures for confirming the adequacy and accuracy of MLO employee federal registrations, including updates and renewals, by comparing them with its own records? (§ 1007.104(d))			
8	Does the credit union have procedures and tracking systems for monitoring compliance with federal registration and renewal requirements and procedures? (§ 1007.104(e))			
9	Does the credit union take appropriate action if an employee does not comply with the registration requirements of the SAFE Act, Regulation G, or the credit union's policies and procedures, including prohibiting the employee from acting as an MLO or other disciplinary action? (§ 1007.104(g))			
10	Does the credit union have procedures for reviewing MLO employee criminal history background reports, taking action consistent with federal law, and keeping records of the reports and actions taken regarding those employees? (§ 1007.104(h))			
11	Does the credit union ensure that only employees or authorized representatives of the credit union can view MLO employee criminal history background reports? (Employees of the credit union's subsidiaries must not be allowed to access these reports.)			
12	Does the credit union have procedures to ensure that any third party with which the credit union has arrangements for mortgage loan origination has policies and procedures to comply with the SAFE Act and Regulation G, including licensing and/or registration of individuals acting as MLOs? (§ 1007.104(i))			
13	Does the credit union conduct annual independent testing to ensure compliance with the SAFE Act and Regulation G? (§ 1007.104(f))			
14	Does the credit union have procedures to ensure that the NMLS unique identification numbers of its MLO employees are disclosed? (§ 1007.104(c)), §1007.105			
15	Does the credit union have security controls and procedures in place for accessing the credit union's NMLS account? (§ 1007.103(e)(1)(i)(F))			
16	Does the credit union prohibit system administrators of the credit union's NMLS account from acting as MLOs? (Note that there is an exemption for a credit union that has 10 or fewer full-time employees and that is not a subsidiary.) (§ 1007.103(e)(1)(i)(F))			
17	If the credit union is a privately-insured credit union, is it eligible to register via the NMLS' federal registration system? If not, does the credit union and its MLO employees use the NMLS' state licensing and registration system? (§ 1007.101(c)(3))			
18	If the credit union is privately-insured and is eligible to register via the NMLS' federal registration system, does its NMLS listing include the required disclosure statement? (§ 1007.101(c)(3))			

Audit performed by Members 1st Credit Union Supervisory Committee in January 2021.

Signature _____

Date _____

Title _____