

Farm Credit Administration

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INFORMATIONAL MEMORANDUM



April 12, 2011

To: Chief Executive Officer
All Farm Credit System Institutions

From: Gary K. Van Meter, Acting Director
Office of Regulatory Policy

A handwritten signature in black ink that reads 'Gary K. Van Meter'.

Subject: Information and Guidance for Registering Mortgage Loan Originators Under the
Secure and Fair Enforcement for Mortgage Licensing Act of 2008

Through this Informational Memorandum, the Farm Credit Administration (FCA) is providing information and guidance regarding the registration of residential mortgage loan originators (MLOs) employed by Farm Credit System (FCS) associations. This memorandum addresses (1) the timeframe for completing the registration process, and (2) which association should establish a record in the Registry pursuant to FCA Regulation § 610.103(e)(1) in connection with the registration of MLOs.

What is the timeframe for completing the registration process?

Final regulations that require MLOs at FCS associations and federally regulated depository institutions to register became effective on October 1, 2010. The National Mortgage Licensing System and Registry (Registry) became operational on January 31, 2011. Unless the *de minimis* exception under the final regulations applies, MLOs employed at FCS associations and federally regulated depository institutions must complete the registration process by July 29, 2011. Before July 30, 2011, MLOs who originate residential mortgage loans for these institutions will not be in violation of the regulations if they have not completed the registration process.

FCS associations are encouraged to register their MLOs by no later than June 1, 2011.

The Comptroller of the Currency, the Board of Governors of the Federal Reserve System (Federal Reserve), and the Conference of State Bank Supervisors have indicated that many large commercial banks will batch register their MLOs in June and July for logistical reasons. Therefore, FCS associations and their MLOs should complete the registration process before then in order to avoid delays and problems that may arise if the largest commercial banks are registering their MLOs at the same time.

To date, many associations have already begun registering their MLOs. However, the attempts of several associations to establish a record in the Registry have been unsuccessful because the data they submit to the Registry do not match the data in the National Information Center (NIC) database, which is the Federal Reserve Bank database that assigns Research Statistics Supervision and Discount (RSSD) numbers. If your association is experiencing such difficulties, please contact one of the individuals on the attached list who is responsible for addressing such problems at the Federal Reserve Bank for the district where your association is located.

Which association should establish a record in the Registry in connection with the registration of MLOs—the parent Agricultural Credit Association (ACA), the Federal Land Credit Association (FLCA) subsidiary, or both?

The FCA recommends that only the parent ACA establish a record in the Registry for several reasons. First, under the parent ACA corporate structure, the employees of the institution are joint employees of both the parent and the subsidiaries. Second, most FLCA subsidiaries are NOT listed in the NIC database and the time needed to become listed may exceed the registration deadline. Third, even though an FLCA subsidiary is allowed to establish a record in the Registry, FCA Regulation § 610.103(e)(1)(G) requires that the subsidiary provide the RSSD number of the parent ACA, along with its own RSSD number if it has one. Lastly, establishing a record for only the parent ACA will be less confusing for consumers, who are the intended beneficiaries of the SAFE Act. With regard to the issue of establishing records in the Registry for both the parent ACA and its FLCA subsidiary, this could be done, but would likely double the fees that an ACA has to pay to the Registry to both establish and then annually to maintain the records.

If you have any questions about this memorandum, please contact Richard Katz, Senior Counsel, Office of General Counsel, at (703) 883-4085 or katzr@fca.gov, or Gary Van Meter, Acting Director, Office of Regulatory Policy, at (703) 883-4026 or vanmeterg@fca.gov.

Attachment