

SUPPORTING STATEMENT
Registration of Mortgage Loan Originators – SAFE Act
(OMB Control No. 3064-0171)

INTRODUCTION

The Federal Deposit Insurance Corporation (FDIC) is requesting a three-year renewal of the information collection for its collection (3064-0171) associated with the registration of mortgage loan originators. The current clearance for the collection expires on May 31, 2019. There is no change in the method or substance of the collection.

A. JUSTIFICATION

1. Circumstances that make the collection necessary:

The Secure and Fair Enforcement for Mortgage Licensing Act (the S.A.F.E. Act), which was enacted as Title V of the Housing and Economic Recovery Act of 2008, Pub. L. No.110-289, requires employees of certain financial institutions and their subsidiaries, who engage in the business of a mortgage loan originator (“MLO”) to register with Nationwide Mortgage Licensing System and Registry; a web-based system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage regulators jointly through the State Regulatory Registry LLC. The S.A.F.E. Act also provides that these institutions must require their employees, who act as MLOs to comply with this Act’s requirements to register and obtain a unique identifier, and must adopt and follow written policies and procedures to assure compliance with these requirements. The FDIC regulation implementing the S.A.F.E. Act was originally codified at 12 CFR Part 365. However, in 2011, pursuant to the Dodd-Frank Act, Part 365 was superseded by 12 CFR Part 1007 (the Bureau of Consumer Financial Protection’s regulation).

2. Use of the information:

The information collected is designed to improve the flow of information to and between regulators; provide accountability and tracking of MLOs, enhance consumer protections, reduce fraud in the residential mortgage loan origination process and provide consumers with easily accessible information at no charge regarding the employment history of, and publicly adjudicated disciplinary and enforcement actions against, MLOs.

3. Consideration of the use of improved information technology:

Federal registration and state licensing and registration must be completed through the Nationwide Mortgage Licensing System and Registry; a web-based system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage regulators jointly through the State Regulatory Registry LLC. The electronic form is stored in a secured, centralized repository.

4. Effort to identify duplication:

The collections of information are unique and cover the institution's particular circumstances. No duplication exists.

5. Methods used to minimize burden if the collection has a significant impact on a substantial number of small entities:

According to Call Report data as of December 31, 2018, there were 3,434 FDIC-supervised institutions. Of these entities, 2,642 have total assets of less than \$550 million therefore meeting the Small Business Administration's definition of a "small entity." However, the impact on these small entities would not be significant.

6. Consequences to the Federal program if the collection were conducted less frequently:

Without this information, the FDIC would be unable to meet the requirements of the statute.

7. Special circumstances necessitating collection inconsistent with 5 CFR 1320.5(d)(2):

None. This information collection is conducted in accordance with the guidelines in 5 CFR 1320.5(d)(2).

8. Efforts to consult with persons outside the agency:

A 60-day *Federal Register* notice seeking public comment was published on November 2, 2018 (83 FR 55167). No comments were received. A 30-day *Federal Register* notice seeking public comment was published on February 1, 2019 (84 FR 1120). No comments were received. Since that time, the FDIC received updated information on the number of respondents and, as a result, published an additional 30-day *Federal Register* notice seeking public comment on March 7, 2019 (84 FR 8330) that contained the updated information. Again, no comments were received.

9. Payment or gift to respondents:

None.

10. Any assurance of confidentiality:

Information collected is kept private to the extent allowed by law. All required records are subject to the confidentiality requirements of the Privacy Act. In addition, any information deemed to be of a confidential nature is exempt from public disclosure in accordance with the provisions of the Freedom of Information Act (5 U.S.C. 552).

11. Justification for questions of a sensitive nature:

No questions of a sensitive nature are included in the collection.

12. Estimate of Hour Burden Including Annualized Hourly Costs:

Summary of Annual Burden							
Information Collection (IC) Description	Type of Burden	Obligation to Respond	Estimated Number of Respondents	Estimated Frequency of Responses	Estimated Time per Response	Frequency of Response	Total Annual Estimated Burden
Financial Institution Policies and Procedures for Ensuring Employee-Mortgage Loan Originator Compliance With S.A.F.E. Act Requirements	Recordkeeping	Mandatory	3,434	1	20.00	On occasion	68,680.00
Financial Institution Procedures to Track and Monitor Compliance with S.A.F.E. Act Compliance	Recordkeeping	Mandatory	3,434	1	60.00	On occasion	206,040.00
Financial Institution Procedures for the Collection and Maintenance of Employee Mortgage Loan Originator's Criminal History Background Reports	Recordkeeping	Mandatory	3,434	1	20.00	On occasion	68,680.00
Financial Institution Procedures for Public Disclosure of Mortgage Loan Originator's Unique Identifier	Third Party Disclosure	Mandatory	3,434	1	25.00	On occasion	85,850.00
Financial Institution Information Reporting to Registry	Reporting	Mandatory	3,434	1	0.25	On occasion	858.50
Mortgage Loan Originator Initial Registration Reporting and Authorization Requirements	Reporting	Mandatory	14,058	1	0.25	On occasion	3,514.50
Mortgage Loan Originator Annual Renewal Registration Reporting and Authorization Requirements	Reporting	Mandatory	76,157	1	0.25	On occasion	19,039.25
Mortgage Loan Originator Registration Updates Upon Change in Circumstances	Reporting	Mandatory	76,157	1	0.25	On occasion	19,039.25
Financial Institution Procedures for the Collection of Employee Mortgage Loan Originator's Fingerprints	Recordkeeping	Mandatory	3,434	1	4.00	On occasion	13,736.00
Mortgage Loan Originator Procedures for Disclosure to Consumers of Unique Identifier	Third Party Disclosure	Mandatory	90,215	1	1.00	On occasion	90,215.00
TOTAL HOURLY BURDEN							575,652.50 hours

The estimated labor cost¹ is 575,652.50 hours x \$42.10 = \$24,234,970.25.

¹ The wage information reported by the Bureau of Labor Statistics (BLS) in the Specific Occupational Employment and Wage Estimates does not include health benefits and other non-monetary benefits. According to the September 2018 Employer Cost of Employee Compensation data compensation rates for health and other benefits are 35.7 percent of total compensation. Additionally, the wage has been adjusted for inflation according BLS data on the Consumer Price Index for Urban Consumers (CPI-U) so that it is contemporaneous with the non-wage compensation statistic. The inflation rate was 3.31 percent between May 2017 and September 2018.

This is based on the following:

Occupations, Depository Credit Intermediation Sector	Hourly Wage	Weights	Weighted Hourly Wage
Office and Administrative Support	\$32.79	90%	\$29.52
Management	\$125.78	10%	\$12.58
Weighted Average			\$42.10

13. Estimate of Start-up Costs to Respondents:

None.

14. Estimate of annualized costs to the government:

None.

15. Analysis of change in burden:

There is no change in the method or the substance of this information collection. The 24,684 decrease in burden hours is a result of economic fluctuation. In particular, the number of respondents has decreased while the hours per response and frequency of responses have remained the same.

16. Information regarding collections whose results are planned to be published for statistical use:

The results of this collection will not be published for statistical use.

17. Display of Expiration Date

This information collection is contained in a regulation.

18. Exceptions to Certification Statement

None.

B. STATISTICAL METHODS

Statistical methods are not employed in these collections.