

**Supporting Statement for
Registration of Mortgage Loan Originators
OMB Control No. 1557-0243**

A. Justification.

1. Circumstances that make the collection necessary:

The Secure and Fair Enforcement for Mortgage Licensing Act (the S.A.F.E. Act) (12 U.S.C. 5101-5116) requires an employee of a bank, savings association, or credit union and their subsidiaries regulated by a Federal banking agency or an employee of an institution regulated by the Farm Credit Administration (FCA) (collectively, institutions) who engages in the business of a residential mortgage loan originator (MLO) and does not qualify for the *de minimis* exception to register with the Nationwide Mortgage Licensing System and Registry (Registry) and obtain a unique identifier. Institutions must require their employees who act as residential MLOs to comply with the Act's requirements to register and obtain a unique identifier. Further, institutions must adopt and follow written policies and procedures to assure compliance with these requirements.

Among other things, the Registry is intended to aggregate and improve the flow of information to and between regulators; provide increased 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 the publicly adjudicated disciplinary and enforcement actions against, MLOs.

Along with the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration, and the Farm Credit Administration, the OCC issued a final rule implementing the SAFE Act.¹ The Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act), Pub. Law 111-203, later transferred this rule to the Consumer Financial Protection Bureau (CFPB) and the CFPB republished this rule as 12 CFR Part 1007.² However, the OCC retains enforcement authority for this rule for national banks, Federal savings associations, and Federal branches and agencies of foreign banks with total assets of \$10 billion or less (collectively, banks).³

¹ 75 FR 44656 (July 28, 2010), as corrected in 75 FR 51623 (Aug. 23, 2010).

² 76 FR 78487 (Dec. 19, 2011).

³ See section 1025 of the Dodd Frank Act, codified at 12 U.S.C. 5515.

2. Use of the information:

MLO Reporting Requirements

Except in situations where the de minimis exception applies, 12 CFR 1007.103 requires an employee of an institution who is engaged in the business of a MLO to register with the Registry, maintain and update such registration, and obtain a unique identifier. This section also requires an institution to require its MLO employees to comply with these requirements. Section 1007.103(d) sets forth the categories of information that an institution must require its employees to submit to the Registry or to submit on the employee's behalf. This section also requires the employee to submit to the Registry an attestation as to the correctness of the information submitted and an authorization for the Registry to obtain further information.

MLO Disclosure Requirement

Section 1007.105(b) requires the MLO to provide the unique identifier to a consumer upon request, before acting as an MLO, and through the originator's initial written communication with a consumer, if any, whether on paper or electronically.

Financial Institution Reporting Requirements

Section 1007.103(e) specifies the institution and employee information that an institution must submit to the Registry in connection with the registration of one or more MLOs and annually thereafter. The institution also must update this information within 30 days of it becoming inaccurate. Employees of the institution who submit information to the Registry on behalf of the institution must verify their identity and attest that they have the authority to enter data on behalf of the institution, that the information submitted is correct, and that the covered financial institution will keep the required information current and will file accurate supplementary information on a timely basis.

Financial Institution Disclosure Requirements

Section 1007.105(a) requires the institution to make the unique identifier of MLO employees available to consumers in a manner and method practicable to the institution.

Financial Institution Recordkeeping Requirements

Section 1007.104 requires an institution that employs MLOs to adopt and follow written policies and procedures, at a minimum addressing certain specified areas, that are appropriate to the nature, size, and complexity of their mortgage lending activities and that apply only to those employees acting within the scope of their employment at the institution.

3. **Consideration of the use of improved information technology:**

The Federal registration is 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. **Efforts to identify duplication:**

There is no duplication. The information is not available from any other source.

5. **Methods used to minimize burden if the collection impacts small businesses:**

There are no alternatives that would result in lowering the burden on small institutions, while still accomplishing the purpose of the rule.

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

Less frequent collection would be in violation of the requirements of the statute.

7. **Special Circumstances that would cause an information collection to be conducted in a manner inconsistent with 5 CFR part 1320:**

Not applicable.

8. **Efforts to consult with persons outside the agency:**

The OCC issued a notice for 60 days of comment regarding this collection on May 28, 2024, 89 FR 46303. No comments were received.

9. **Payment or gift to respondents:**

None.

10. **Any assurance of confidentiality:**

The information will be kept private to the extent permitted by law.

11. **Justification for questions of a sensitive nature:**

Not applicable.

12. Burden estimate:

Policies and Procedures; Tracking and Compliance Systems:

New Banks Chartered Annually: 3 x 351 hours (300 recordkeeping; 51 reporting) = 1,053 hours.

MLO Initial Set up:

Number of New MLOs Annually: 5,223 x 3.5 hours (2.5 reporting; 1 disclosure) = 18,281 hours.

Mortgage Loan Originator Update:

85,348 MLOs x 0.25 hours = 21,337 hours.

Annual Burden: 40,671 hours. (rounded)

Cost of Hour Burden

40,671 hours x \$ 129.40 per hour = \$ 5,262,762.

To estimate wages the OCC reviewed May 2023 data for wages (by industry and occupation) from the U.S. Bureau of Labor Statistics (BLS) for credit intermediation and related activities (NAICS 5220A1). To estimate compensation costs associated with the rule, the OCC uses \$129.40 per hour, which is based on the average of the 90th percentile for six occupations adjusted for inflation (4.3 percent as of Q1 2024), plus an additional 34.6 percent for benefits (based on the percent of total compensation allocated to benefits as of Q4 2023 for NAICS 522: credit intermediation and related activities).

13. Estimate of total annual costs to respondents (excluding cost of hour burden in Item #12):

Not applicable.

14. Estimates of annualized cost to the Federal government:

Not applicable.

15. Change in burden:

	<u>Current</u>	<u>New</u>	<u>Difference</u>
Responses	85,353	90,574	+5,221
Hours	51,383	40,671	-10,713

The change in burden is due to changes in the number of responses. While the total number of MLOs has increased since the prior approval, a decrease in the number of banks chartered annually results in a decrease in the number of new MLOs annually.

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

The OCC has no plans to publish the data for statistical purposes.

17. Display of expiration date:

Not applicable.

18. Exceptions to certification statement:

None.

B. Collections of Information Employing Statistical Methods

Not applicable.