



Multistate Regulatory Initiatives

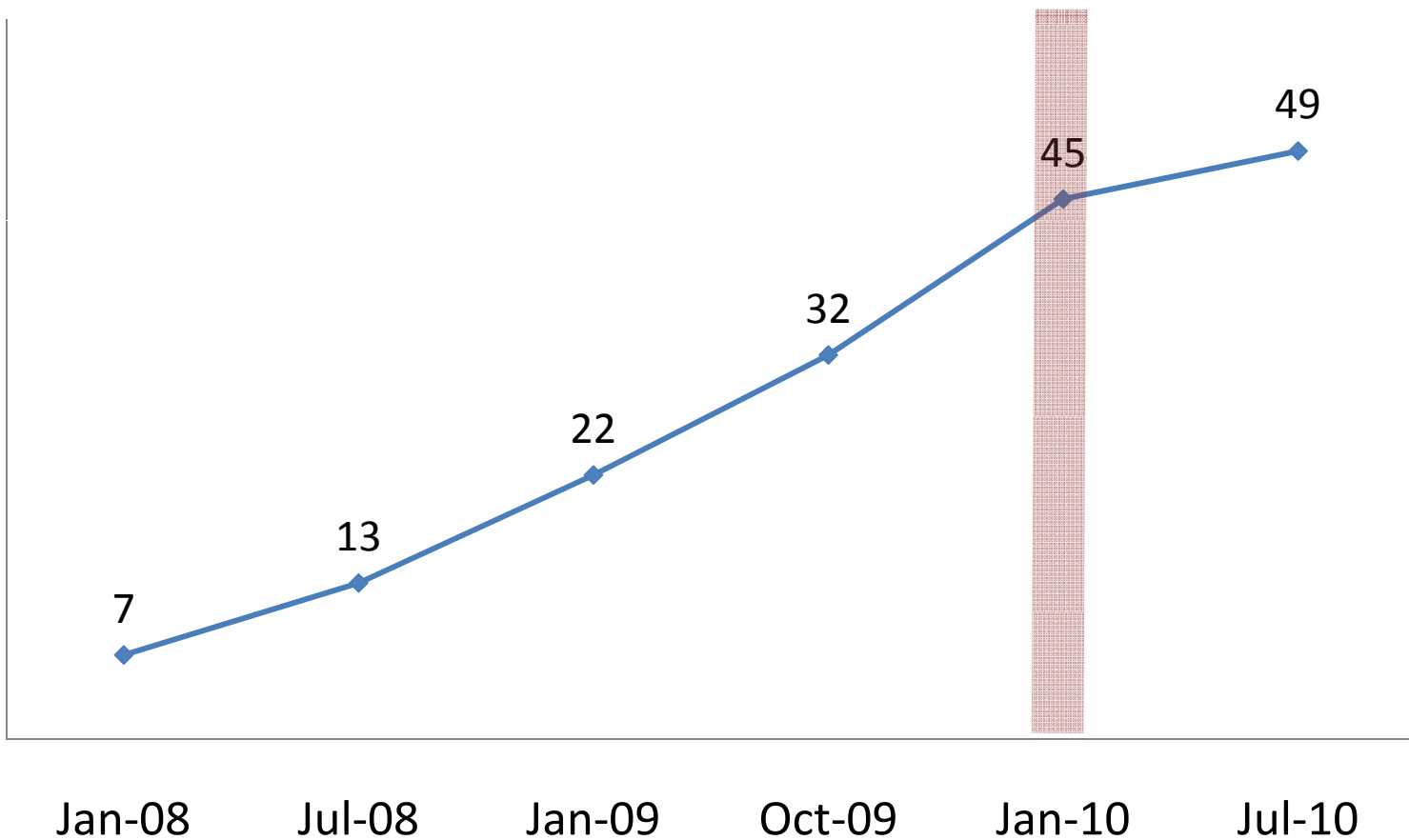
Mark Pearce

President, American Association of
Residential Mortgage Regulators

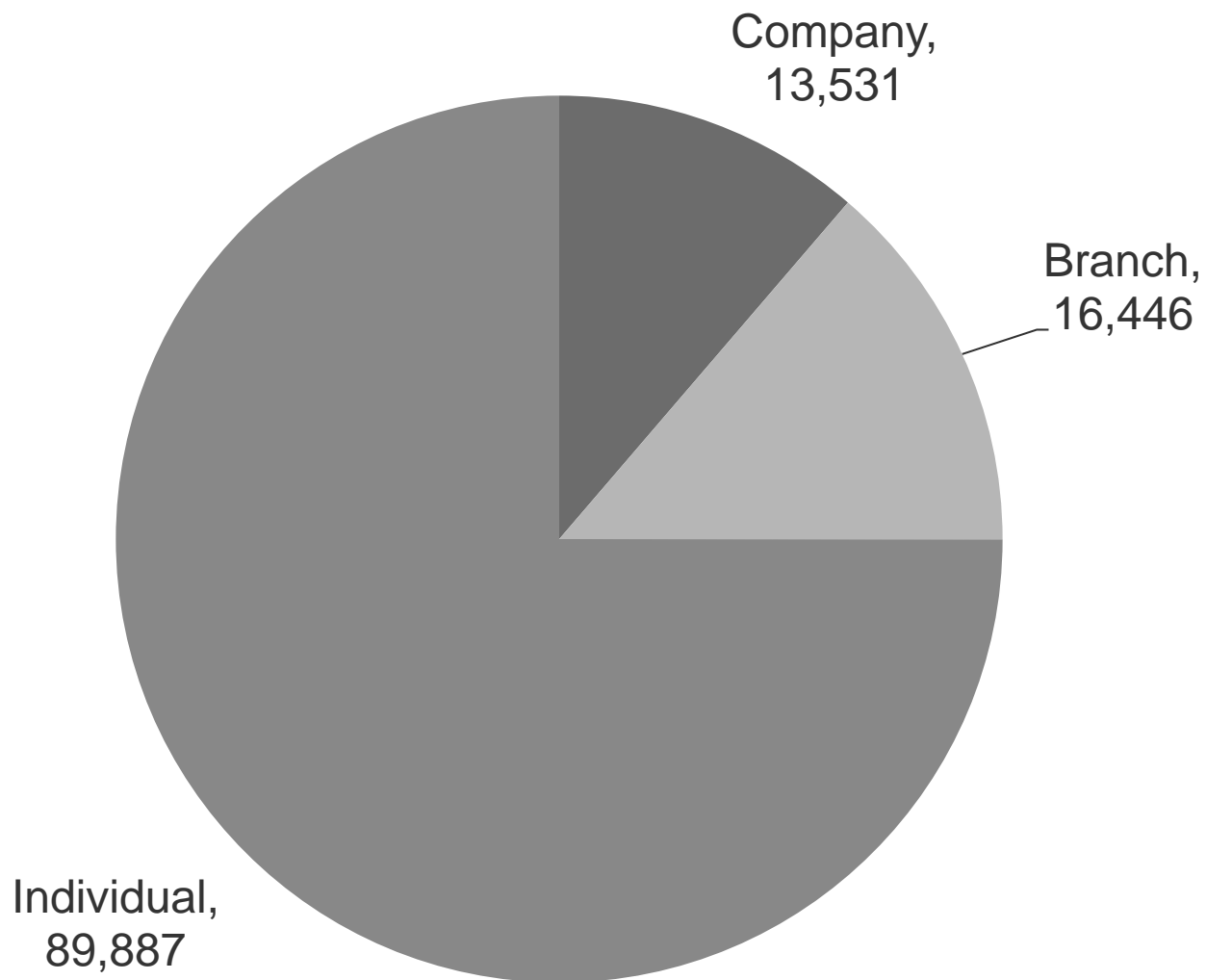
Chief Deputy Commissioner of Banks
State of North Carolina

State Licensing of Non-banks

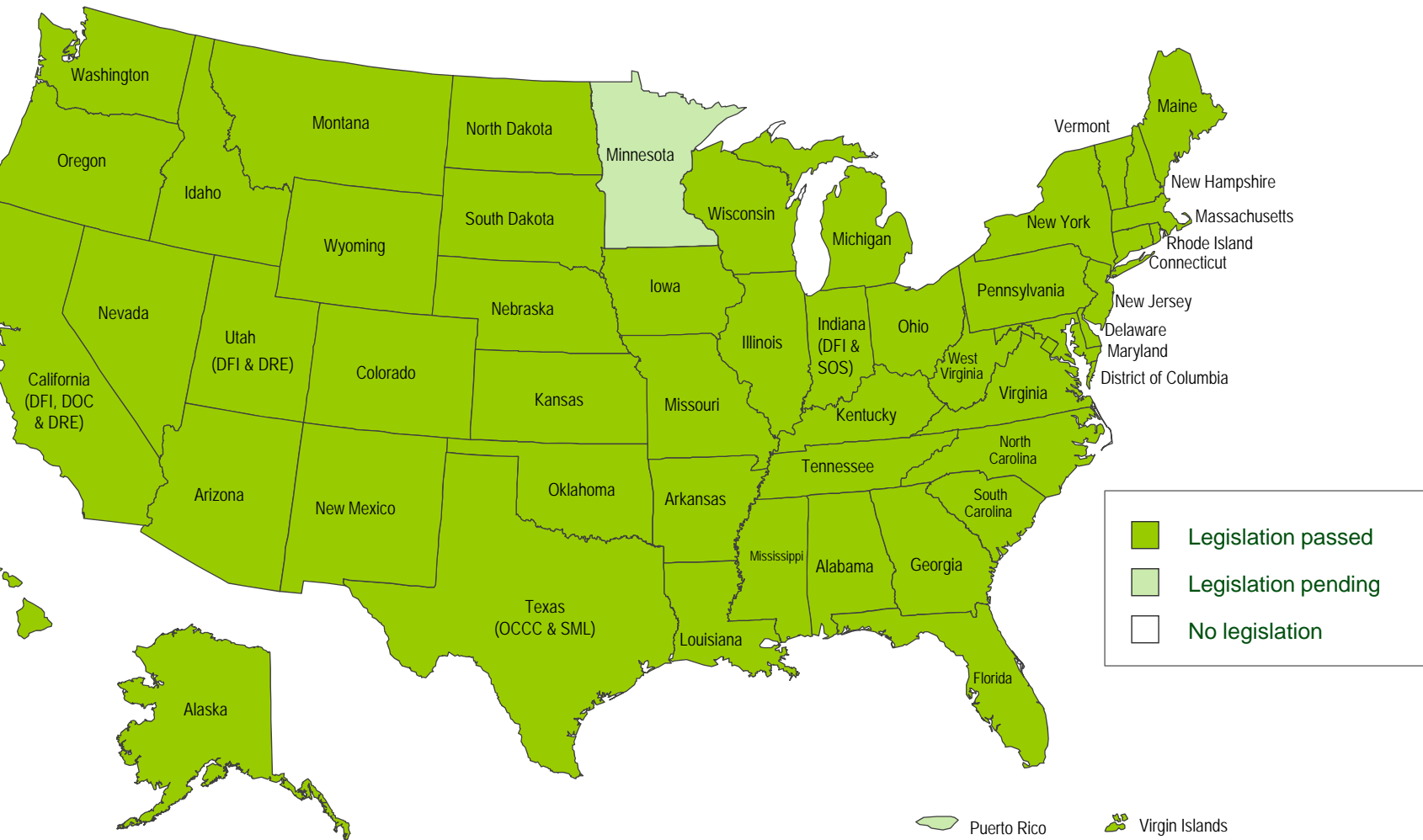
States in NMLS



MLS Population



State SAFE Legislation



Major SAFE Act Issues



Boundaries of Licensure Requirements

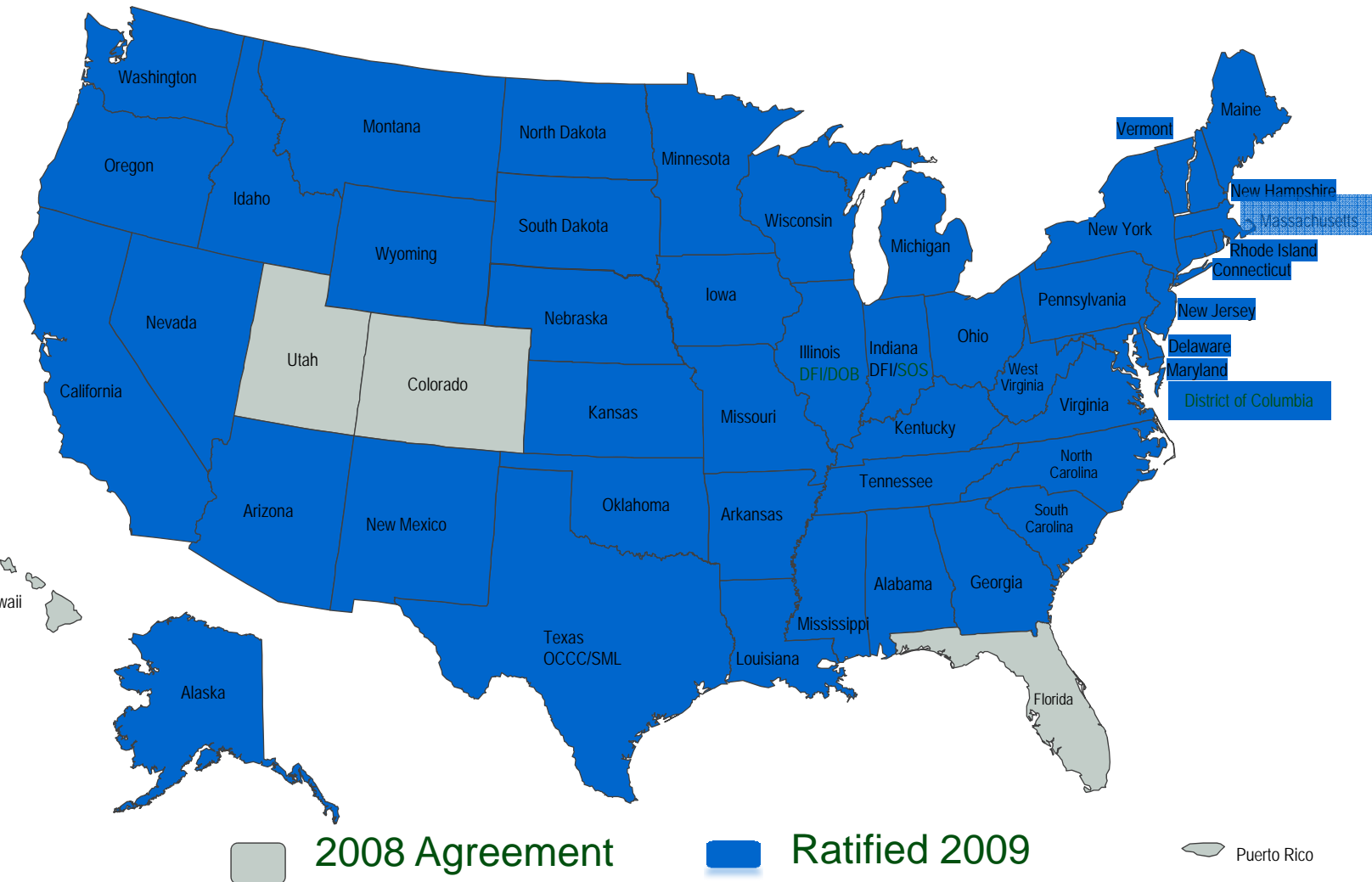
- Non-profits (Habitat)
- Contract underwriters and processors
- Servicers and loss mitigation staff
- Loan modification companies
- De minimis exceptions for various professions or transactions

Avoiding new regulatory gaps in interpretations of SAFE Act among federal regulators

- Example: Definition of “employee” for non-bank licensing and bank registration

Multistate Examination and Enforcement

Cooperative Protocol



he MMC



Multistate Mortgage Committee

- Composed of 10 State representatives appointed by AARMR and CSBS
- Identify largest (and most multi-state) non-bank mortgage companies
- Establish examination schedule, common protocol, and multistate examination teams
- Two examinations completed with eight more expected by end of 2010
- First public report available on CSBS website:
<http://www.csbs.org/Content/NavigationMenu/Home/2009MMCREPORTTOSTATEREGULATORSFinal.pdf>

Increased Use of Data



NMLS annual call report

- Enables risk profiles to assist MMC examination priorities

Loan-level data through RegulatorConnect

- NC has pilot tested automated compliance review of loan-level tapes beginning mid-2009
- PA and WA and other regulators notifying licensees of expectations regarding loan-level data capabilities
- Integration with lenders' LOS systems to increase consistency and reduce compliance burdens

Multistate Enforcement



Taylor Bean & Whitaker (June 2009)

- Nontraditional underwriting of 2006 loan book
- 14 State regulators participating
- \$9 million settlement, loan review, improved controls

CitiFinancial (March 2010)

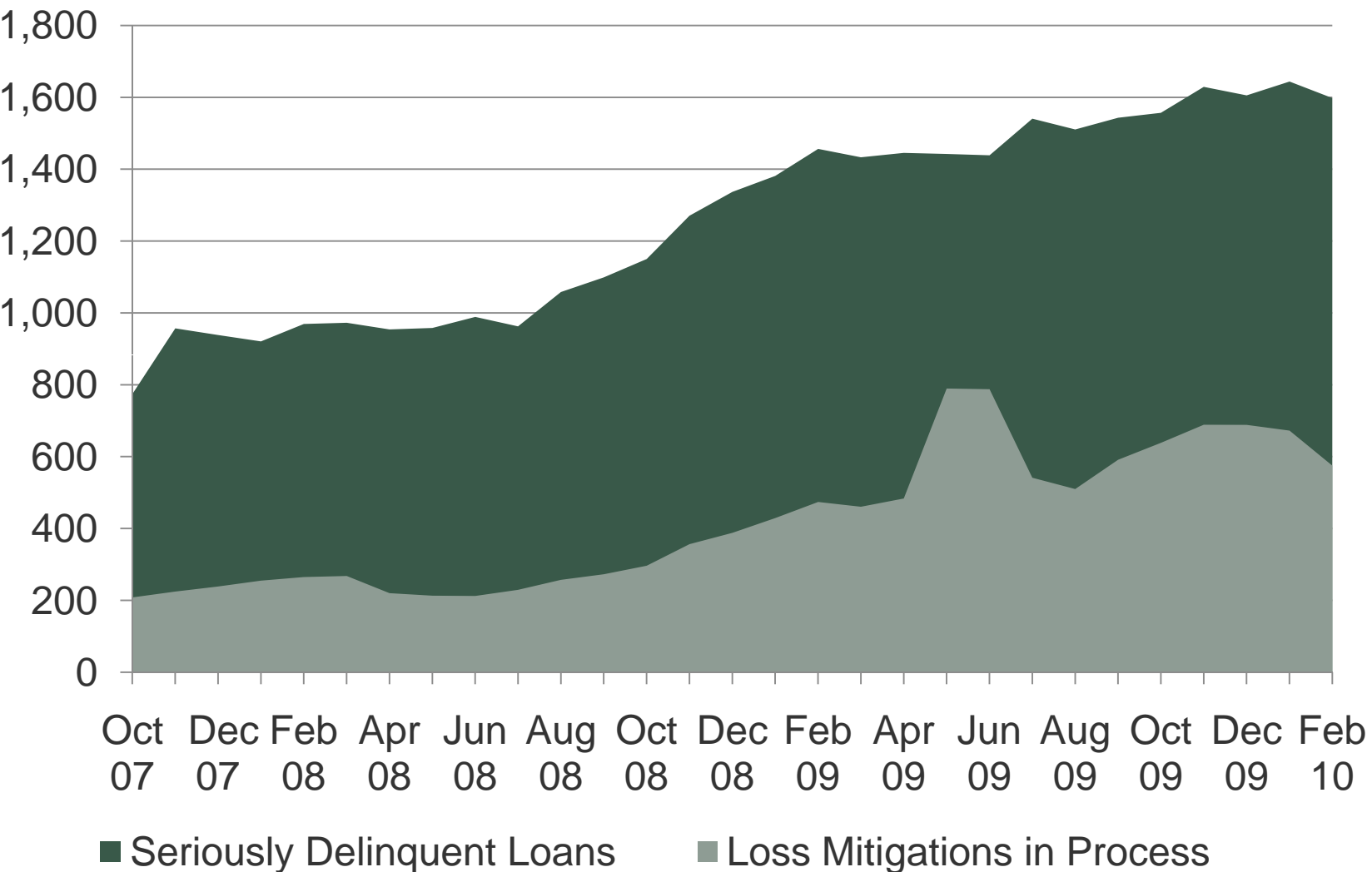
- Failure to report loans to HMDA
- 35 State regulators participating
- \$1.2 mil settlement, improved controls, fair lending review

Multistate Foreclosure Prevention Efforts

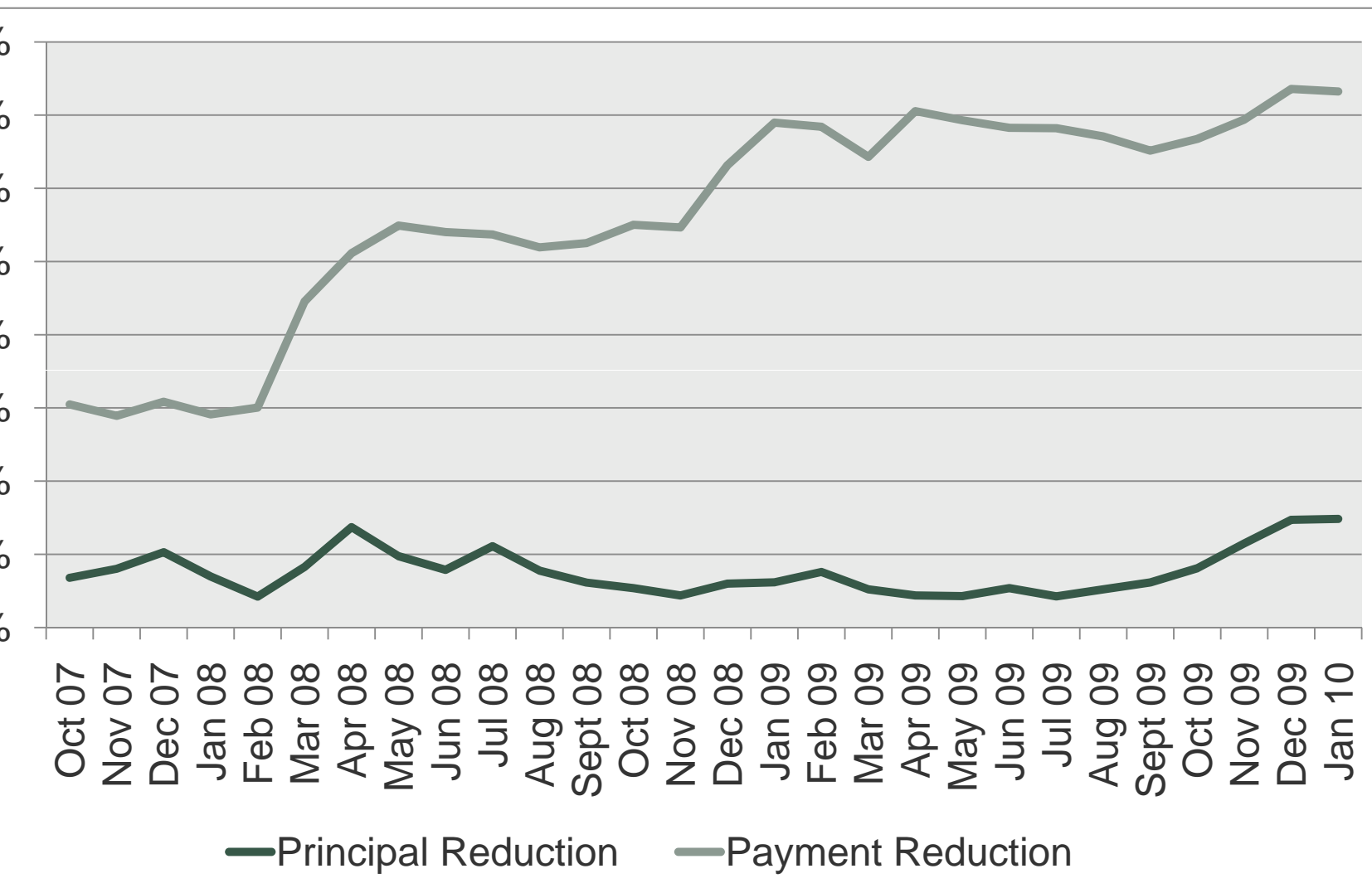
State Foreclosure Prevention Working Group

- Close partnership with State Attorneys General
- Met with 20 largest servicers of subprime mortgage loans in Fall 2007
- Two years of data collection from 13 servicers (non-banks' active and legacy portfolios)
- Four public reports, available on CSBS' website:
<http://www.csbs.org/Content/NavigationMenu/Home/StForeclosureMain.htm>

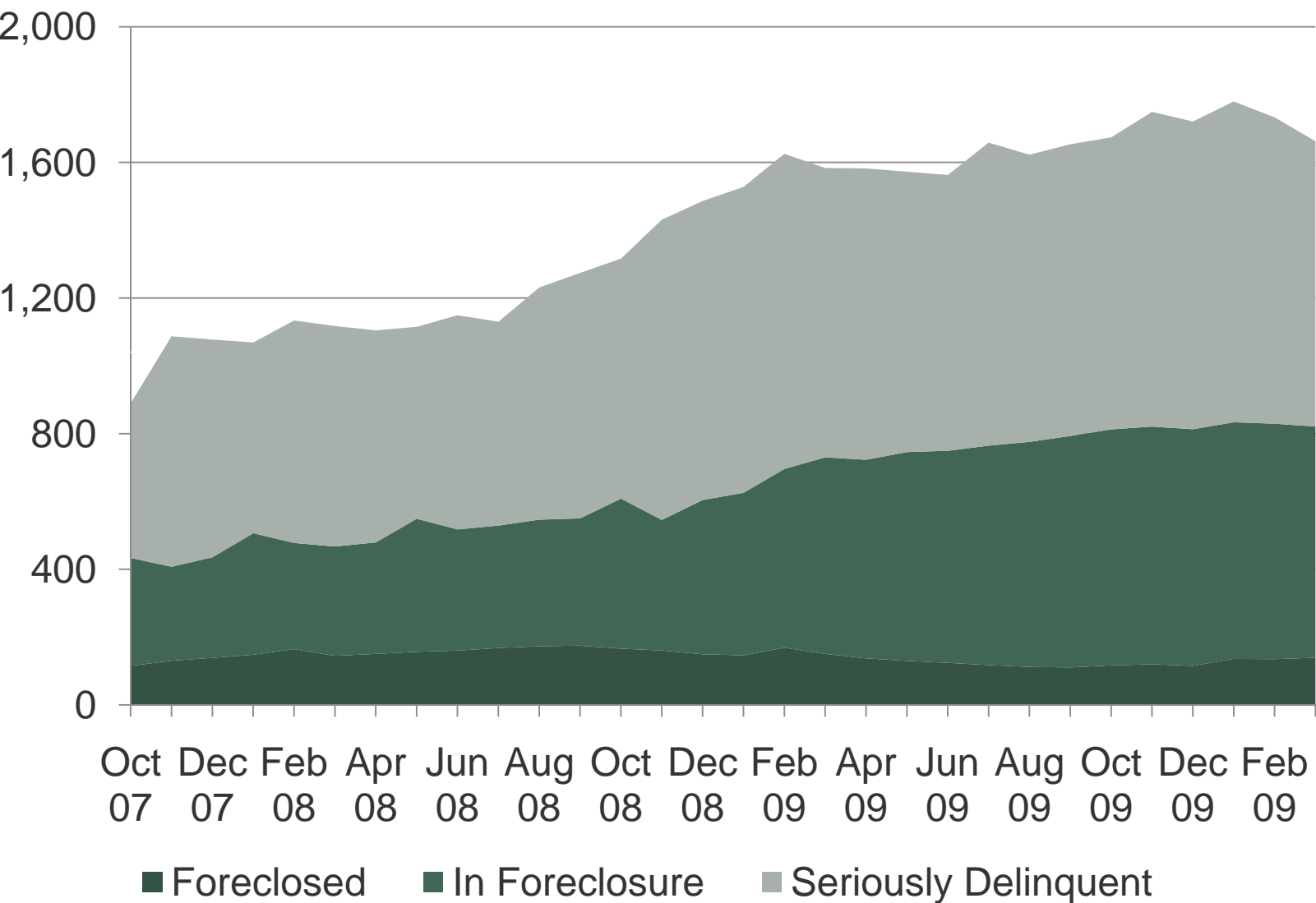
Loss mitigation gap



Principal reductions rare



Foreclosures to come...



North Carolina Initiatives

Foreclosure Prevention



State Home Foreclosure Prevention Project

- Servicers required to notify homeowners and State court system 45 days in advance of foreclosure filing for certain subprime loans
- NCCOB manages outreach effort to connect seriously delinquent homeowners to one of 34 non-profit housing counseling agencies
- NCCOB provides “back office” support on “hard cases”
- Results since implementation in November 2008
 - 10,000 homeowners received foreclosure prevention counseling
 - 4,000 homeowners able to avoid foreclosure
 - \$350 million in economic benefits to investors and neighboring property owners

Recent Rulemaking



Foreclosure and Servicing Rules

- Rule 702: Communications Rule
- Rule 703: Foreclosure Hold Rule

Origination Practices rules currently “on hold” for further development

- Proposed Rule 601 related to broker compensation
- Proposed Rule 602 related to lenders affiliated with homebuilders
- Proposed Rule 603 related to early disclosures for standard mortgage products

Current NC Concerns



Non-bona fide discount points

Compliance with FHA guidelines and requirements

Origination practices with affiliated manufactured and traditional homebuilders

Net branching and weak supervision

Ability of servicers to effectively assist homeowners seeking loss mitigation assistance

Mortgage fraud

Reverse mortgage lending