Appraiser/AMC Supervision and the NMLS

Association of Appraiser Regulatory Officials
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Conference of State Bank Supervisors
Topics to Cover Today

- What is NMLS?
- Who owns and uses NMLS?
- Results of Survey of Appraiser Regulators
- Transitioning onto NMLS
- Next steps
What are the goals of NMLS?

The goal of NMLS is to employ the benefits of local, state-based financial services regulation on a nationwide platform that provides for improved coordination and information sharing among regulators, increased efficiencies for industry, and enhanced consumer protection.
Why NMLS?

- To improve supervision of financial services through collaboration
- Software solution for state agencies
- Efficiency for industry and agencies
What is NMLS?

- Licensees create and maintain a single record that complies with multiple state requirements
- Application/renewal processing system for state agencies
- Single criminal background check for use by relevant agencies
- Single credit report for use by relevant state agencies
- Uploads of financial statements and other documents
- Electronic collection/disbursement of payments
- Automatic information sharing among states, including enforcement actions
- NMLS Unique ID # created for each company or individual
Who’s Involved in NMLS?

- Conference of State Bank Supervisors (CSBS)
- American Association of Residential Mortgage Regulators (AARMR)
- Money Transmitter Regulator Association (MTRA)
- National Association of Consumer Credit Administrators (NACCA)
- North American Collection Agency Regulatory Association (NACARA)
NMLS Processing Fees

NMLS Processing Fees covers the costs of operating the system, including call center support, unlimited filings, data security and permanent record keeping for participating state agencies.

Current NMLS Processing Fees (charged annually):

- Company: $100 per license, per state
- Branch: $20 per license, per state
- Individual: $30 per license, per state
**Federal Legislation Update**

- **H.R.22 FAST Act** – December 4, 2015  
  (TITLE LXXXVIII, Sec. 88001- SEC. 88002--State Licensing Efficiency Act of 2015)
  - Allows NMLS to process fingerprint-based background checks with the FBI for financial services licensing where required by state law.
  - Does not create a new requirement for background checks
  - NMLS’ “Financial Services” definition includes appraisers

- **2015 Omnibus Spending and Tax Package**
  - Expanded confidentiality and privilege protections for information sharing through NMLS
  - Any state agency’s information shared through NMLS retains the confidentiality and privilege under that state’s laws
NMLS Criminal Background Checks

- CSBS is an approved channeler with the FBI
- NMLS has national network of about 1,000+ electronic fingerprint acquisition sites
- Processed over 1.3 million checks since January 25, 2010
- Total cost to applicant: $36.25 (regardless of # of states licensed in)
NMLS Criminal Background Check efficiencies

- Electronic processing (no paper)
- Complete end to end processing
  - Fingerprint acquisition
  - Return of CBC to regulator
- Compliance with FBI requirements
  - Licensee Privacy Notice
  - Data security
- Efficiencies for licensees
- Collaboration with other regulators
- Planned launch of FBI RapBack in 2017
NMLS Criminal Background Check Process

Applicant

State Licensing Agencies

NMLS

Livescan

NMLS/BCAS Channeling Server

FBI /IAFIS
AARO Survey

- Conducted in Summer/Fall 2014
- Sent to 54 state agencies
  - 29 agencies responded
- Asked questions covering:
  - State licensing requirements
  - State technology
  - Interest in NMLS
Is your agency interested in using NMLS as a licensing system?

<table>
<thead>
<tr>
<th>Yes</th>
<th>18%</th>
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<tbody>
<tr>
<td>Undecided</td>
<td>42%</td>
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<tr>
<td>No</td>
<td>40%</td>
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There is no minimum number of agencies required, though the benefits to agencies and licensees increases as more agencies use it.
NMLS Licensing Forms Acceptable?

Generally Acceptable as is or with minor modifications:

66%

A completely different form would be better:

34%
<table>
<thead>
<tr>
<th>Interest in NMLS for AMCs?</th>
<th>Percentage</th>
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<tbody>
<tr>
<td>Yes</td>
<td>32%</td>
</tr>
<tr>
<td>No</td>
<td>68%</td>
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Given changes in AMC oversight requirements is this changing?
Suggested Next Steps

- Webinar reviewing NMLS functionality
  - open to all AARO members
- AARO Working Group/Committee
  - Comprised of interested states
  - Review NMLS Licensing Forms and processes
  - Identify any needed functionality
- Proposal to CSBS Board
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