

7200. S.A.F.E. ACT POLICY

It is the policy of Resource One Credit Union (Resource One) to comply with the requirements of the Secure and Fair Enforcement for Mortgage Licensing Act (S.A.F.E. Act) the implementing regulation, and the guidelines set forth in this policy. The S.A.F.E. Act requires any credit union employee who acts as a residential “mortgage loan originator” (as defined in this policy) to register with the Nationwide Mortgage Licensing System and Registry (“Registry”), to use the Registry’s unique identifier as required, and maintain this registration. Resource One requires all mortgage loan originators to follow its written policies and procedures to ensure compliance with these requirements.

Resource One’s Compliance Officer has been designated as the Account Administrator and shall have full access to credit union and employee data. The Administrative Assistant to the President and Chief Operations Officer will serve as “backup” Account Administrators.

Compliance

The Compliance Officer will coordinate with appropriate staff to ensure that the credit union establishes and maintains procedures to:

- Establish a process for identifying which Credit Union employees are required to be registered mortgage loan originators;
- Inform all mortgage loan originators of the registration requirements and how to comply with such requirements and procedures;
- Comply with the unique identifier requirements;
- Confirm the adequacy and accuracy of employee registrations, including updates and renewals, by comparisons with its own records;
- Track and monitor for compliance with registration and renewal requirements and procedures;
- Provide for independent testing for compliance at least annually by Credit Union personnel or by an outside party;
- Provide for appropriate action in the case of non-compliance by any employee, including prohibiting such employees from acting as mortgage loan originators or other appropriate disciplinary actions;
- Establish a process for reviewing employee criminal history background reports received pursuant to this part, taking appropriate action consistent with applicable Federal law, and maintaining records of these reports and actions taken with respect to applicable employees;
- Establish procedures designed to ensure that any third party with which the Credit Union has arrangements related to mortgage loan origination has policies and procedures to comply with the S.A.F.E. Act, including appropriate licensing and/or registration of individuals acting as mortgage loan originators; and

- Provide internally or through a third party periodic training that is sufficient in frequency, timing, duration, and content to ensure that the individual loan originator has the knowledge of State and Federal legal requirements that apply to the individual loan originator's loan origination activities.

The Compliance Officer shall complete the following activities to ensure program compliance:

- Register and maintain the Credit Union's unique identification number;
- Provide registration requirements and process to MLOs;
- Ensure that new MLOs are registered within 30 days from the date of hire;
- Ensure that all requirements for previously registered or licensed MLOs are met;
- Conduct due diligence review of employee registration records for accuracy when compared against credit union records;
- Ensure third party service provider compliance records are maintained; and
- Terminate sponsorship of a MLO within 30 days of separation from the Credit Union.

Mortgage Loan Originator

A mortgage loan originator or MLO is an employee who takes a residential mortgage loan application; and offers or negotiates the terms of a residential mortgage loan for compensation or gain. This definition does not include employees who perform purely administrative or clerical tasks on behalf of an MLO.

Employees in the following positions are required to be registered mortgage loan originators on the national Registry:

- Real Estate Manager
- Real Estate Loan Officer
- Real Estate Loan Processor
- Any other officer/employee who acts as an MLO for more than 5 residential mortgage loans within a 12 month period. (Registration is required prior to acting as MLO on the sixth residential mortgage loan.)

When any event or circumstance causes the information contained in the MLOs Registry record (or supporting documentation, if applicable) to become incomplete or inaccurate and requires an amendment, the MLO must amend the Registry record within 30 days of the event. The MLO must communicate such changes to the Compliance Officer as soon as reasonably practical.

Any MLO who fails to comply with the credit union's S.A.F.E. Act policies and procedures will be prohibited from originating residential mortgage loans, may be transferred to another department, or face disciplinary action (up to and including

termination).

Registration

Any employee who has been identified as a MLO must:

- Register with the Nationwide Mortgage Licensing System and Registry;
- Obtain a unique identifier;
- Maintain and renew the registration;

Resource One shall ensure registration is completed and maintained. Resource One will not permit an employee who is subject to the registration requirements to act as a mortgage loan originator for the Resource One unless such employee is registered with the Registry.

The Credit Union shall ensure that new MLOs are registered within 30 days of the date of hire.

Following the initial registration, the MLO must renew his/her registration annually between November 1 and December 31 of each year, confirming the identifying information remains accurate and complete, and updating the information, as appropriate.

Additionally, MLO information shall to be updated within 30 days when:

- There is a change in employee's name,
- The individual ceases to be an employee of the credit union, and/or
- Other information provided during registration becomes inaccurate, incomplete, or outdated.

Required Employee Information

For purposes of the required registration, Resource One shall require each employee who is a MLO to submit to the Registry the following categories of information, to the extent this information is collected by the Registry:

- Identifying information, including:
 - Name and any other names used;
 - Home address and contact information;
 - Principal business location address and business contact information;
 - Social Security number;
 - Gender; and
 - Date and place of birth.

- Financial services-related employment history for the 10 years prior to the date of registration or renewal, including the date the MLO became an employee of the credit union.
- Convictions of any criminal offense involving dishonesty, breach of trust, or money laundering against the employee or organizations controlled by the employee, or agreements to enter into a pretrial diversion or similar program in connection with the prosecution for such offense(s);
- Civil judicial actions against the employee in connection with financial services-related activities, dismissals with settlements, or judicial findings that the employee violated financial services-related statutes or regulations, except for actions dismissed without a settlement agreement;
- Actions or orders by a State or Federal regulatory agency or foreign financial regulatory authority that:
 - Found the employee to have made a false statement or omission or been dishonest, unfair or unethical; to have been involved in a violation of a financial services-related regulation or statute; or to have been a cause of a financial services-related business having its authorization to do business denied, suspended, revoked, or restricted;
 - Are entered against the employee in connection with a financial services-related activity;
 - Denied, suspended, or revoked the employee's registration or license to engage in a financial services-related activity; disciplined the employee or otherwise by order prevented the employee from associating with a financial services-related business or restricted the employee's activities; or
 - Barred the employee from association with an entity or its officers regulated by the agency or authority or from engaging in a financial services-related business;
- Final orders issued by a State or Federal regulatory agency or foreign financial regulatory authority based on violations of any law or regulation that prohibits fraudulent, manipulative, or deceptive conduct;
- Revocation or suspension of the employee's authorization to act as an attorney, accountant, or State or Federal contractor;
- Customer-initiated financial services-related arbitration or civil action against the employee that required actions, including settlements, or which resulted in a judgment; and
- Fingerprints in digital form (if practicable) and any appropriate identifying information for submission to the Federal Bureau of Investigation and any

governmental agency or entity authorized to receive such information in connection with a State and National criminal history background check; however fingerprints provided to the Registry that are less than three years old may be used to satisfy this requirement.

Any issues arising from the background check above will be given to Human Resources Management for review and discussion. Any unresolved issues affecting safety and soundness of any employee continuing to approve mortgage loans will be resolved by removing that employee from loan approvals. This information will be documented in employee files and could result in a change of duties and a new job description as well as other possible action up to and including termination.

Employees Previously Registered or Licensed Through the Registry

If an employee was registered or licensed through, and obtained a unique identifier from, the Registry and has maintained this registration or license before the employee becomes subject to this part at this Credit Union, then the registration requirements of the S.A.F.E. Act and this part are deemed to be met, provided that:

- The employment information is updated and employee authorization and attestation requirements are met;
- New fingerprints of the employee are submitted to the Registry for a background check, unless the employee has fingerprints on file with the Registry that are less than three years old;
- The Credit Union and employee information (to the extent that the Credit Union has not previously met these requirements) is submitted to the Registry; and
- The registration is maintained as of the date that the employee is employed by the Credit Union.

When registered or licensed MLOs become Credit Union employees as a result of an acquisition, merger, or reorganization, the requirements of the above section must be met within 60 days from the effective date of the acquisition, merger, or reorganization.

Employee Authorization and Attestation

Any employee registering, renewing or updating registration as an MLO must:

- Authorize the Registry and the employing institution to obtain information related to sanctions or findings in any administrative, civil, or criminal actions, to which the employee is a party, made by any governmental jurisdiction;
- Attest to the correctness of all required information whether submitted by the employee or by the credit union on the employee's behalf; and
- Authorize the Registry to make available to the public information regarding employment history and any disciplinary or enforcement acts that have been initiated against the MLO.

Submission of Information

The Credit Union may identify one or more of its employees who may submit the required information to the Registry on behalf of its employees provided that this individual, and any employee delegated such authority, does not act as a MLO. In addition, the Credit Union may submit to the Registry some or all of the required information for multiple employees in bulk through batch processing in a format to be specified by the Registry, to the extent that such batch processing is made available to the Registry.

Required Credit Union Information

The Credit Union must submit the following categories of information to the Registry:

- **Credit Union Record**
 - The following information in connection with the registration of one or more MLOs:
 - Name, main office address, and business contact information;
 - IRS Tax Identification Number (EIN);
 - Research Statistics Supervision and Discount (RSSD) number, as issued by the Federal Reserve Board;
 - Identification of NCUA as its primary Federal regulator;
 - Name(s) and contact information of the individual(s) with authority to act as the Credit Union's primary point of contact for the Registry;
 - Name(s) and contact information of the individual(s) with authority to enter the required information to the Registry and who may delegate this authority to other individuals.
 - Attestation – The individual(s) authorized to enter data on behalf of the Credit Union must comply with Registry protocols to verify their identity and attest that they have the authority to enter data on behalf the Credit Union; that the information provided to the Registry is correct; and that the Credit Union will keep the required information current and will file accurate supplementary information on a timely basis.
 - The Credit Union shall update the required information within 30 days of the date the information becomes inaccurate.
 - The Credit Union shall renew the required information annually.
- **Employee Information**
 - In connection with the registration of each employee who acts as a MLO:
 - After the information required has been submitted to the Registry, confirmation that it employs the registrant; and
 - Within 30 days of the date the registrant ceases to be a Credit Union employee, notification that it no longer employs the registrant and the date the registrant ceased being an employee.

Use of Unique Identifier

The Credit Union will make the Credit Union's unique identifier and the unique identifier(s) of its registered MLO(s) available to a member upon request; before acting as an MLO; through the MLO's initial written or electronic communication with a member; on each Regulation Z covered loan document; and on solicitations and advertisements.

The Credit Union will provide the Credit Union's name and unique identifier and the name and unique identifier of the individual loan originator primarily responsible for origination, on residential mortgage loan documents, including:

- Credit Application;
- Note or Loan Contract; and
- Security Instrument.

If there is more than one originator on the transaction, the name and unique identifier of the originator primarily responsible for the transaction will be listed.

Audit Policy

Annually, an independent test will be conducted of Resource One's compliance with the S.A.F.E. ACT as required by the Act. This testing can be done by independent outside auditors, such as league staff or internally, or by an employee not registered in the system and outside of the mortgage department. Internal Control will oversee and/or assist in the audit and verify that procedures are being followed.

Record Retention

All records of registrations shall be maintained in the Compliance Department.

Confidentiality

Resource One Credit Union will not share this information with any other financial institution or third party requesting it, as prescribed by the law.

Historical Record of Policy Changes

This is a new policy. This policy was developed to meet federal regulations as is required to be updated per the document of response (DOR).

Date Ratified: July 2013

Revised: July 2015

Ratified: August 2015

The revisions to the S.A.F.E Act Policy are in response to a compliance audit conducted by Credit Union Resources. Their recommendations have been incorporated throughout the policy.

Revised: July 2015

Ratified: April 2019