TO: Mortgage Lenders
Mortgage Loan Brokers
Mortgage Loan Servicers

FROM: Mike Igney, Assistant Commissioner
Compliance Division

DATE: March 22, 2011

RE: **Mortgage Call Report ("MCR")**

The purpose of this communication is to inform you that, as a result of federal legislation described below, all companies holding a license under the Tennessee Residential Lending, Brokerage and Servicing Act, Tenn. Code Ann. §§ 45-13-101, *et seq.* (the "Mortgage Act"), or employing mortgage loan originators licensed under the Mortgage Act, must complete and submit Mortgage Call Reports beginning in the second quarter of 2011 for activity and financial information reflective of the first quarter of 2011. Functionality for submission of the MCR is expected to be available in the Nationwide Mortgage Licensing System and Registry ("NMLS") April 30, 2011 with a submission deadline of May 15, 2011.

With the imposition of the NMLS MCR, the Department recognizes that some companies may have transitional issues in complying with this requirement in a timely manner. If a licensee has legitimate reasons as to their inability to meet the 2011 Quarter 1 deadline, the Department may grant an extension with the expectation that both 1st and 2nd quarter 2011 MCR filings will be submitted by August 15, 2011. Failure to submit both may result in the Department taking administrative action.

The Mortgage Act was substantially amended, effective July 31, 2009, by Public Chapter 499 of the Tennessee Public Acts of 2009. Public Chapter 499 is intended to carry out the purposes of, and to be compliant with, the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008, 12 U.S.C. §§ 5101, *et seq.* (the "SAFE Act"). The SAFE Act provides, at 12 U.S.C. § 5104(e), that each mortgage licensee shall submit to NMLS reports of condition, which shall be in such form and shall contain such information as NMLS may require. The Mortgage Act provides, at Tenn. Code Ann. § 45-13-503, that each person holding a license issued under the Mortgage Act shall, pursuant to an order or direction of the Commissioner, submit to NMLS reports of condition, which shall be in the form and shall contain the information that NMLS requires.

What You Need to Know

All companies holding a license under the Mortgage Act or employing mortgage loan originators licensed under the Mortgage Act must complete the NMLS MCR on a calendar quarterly basis and submit it through NMLS. The NMLS MCR is a single report of condition that reflects the entire mortgage activity and financial information of a company. Reportedly, NMLS will not charge a processing fee in 2011 as licensees transition to this requirement. Whether NMLS may charge a processing fee for submission of the MCR in 2012 and beyond is yet to be determined. Failure to submit the NMLS Mortgage Call Report will result, at a minimum, in a deficiency being placed on your license. Failure to cure the deficiency before a renewal period may prevent a company from renewing the company's license.

What You Need to Do

Visit the NMLS Resource Center > State Licensing > Common Requirements > Mortgage Call Report to find out what information your company will need to submit as part of the NMLS MCR. This information will be reported through NMLS starting in the second calendar quarter of 2011 for the first calendar quarter activity. NMLS functionality will enable companies to submit this data either manually or through an XML upload option. Each company must ensure that the "Other Business" section of its Form MU1 Record is accurate. All companies that are Fannie Mae or Freddie Mac Approved Sellers/Servicers or Ginnie Mae Issuers are required to submit more comprehensive information than other companies, but such information is substantially similar to information these companies already submit as part of the Mortgage Bankers' Financial Reporting Form.

The NMLS will conduct MCR training workshops to be held during April and May to acquaint your company with the MCR functionality in the system. The dates and times are listed below. For more details, or to register, go to *NMLS Workshops* on the NMLS website.

- Wednesday, April 13th 2:00 pm ET
- Thursday, April 14th 2:00 pm ET
- Thursday, May 5th 1:30 pm ET
- Tuesday, May 10th 1:30 pm ET

Should you have any questions, you should feel free to contact either David Axford or me by email at *David.Axford@tn.gov* or *Mike.Igney@tn.gov* respectively, or by telephone at (615) 253-6714.