

Meeting Summary
October 9, 2009; 10 A.M.
6th Floor Speaker's Conference Room, General Assembly Building
Richmond, Virginia

Members Present: Delegate D. Marshall (chair), Senator Watkins, Delegate Hull, Joseph Face, Jeff Smith, Jay Spruill, Alexander Macaulay, James Kinion, Travis Hill, Nick Kyrus, Fred Bryant (for Judson McKellar).

Staff Present: Elizabeth Palen and Diana Pharaoh

1. Welcome and Call to Order-Delegate Marshall (chair)

- Meeting was called to order by Delegate Marshall at 10:00 A.M.
- Introductions.

2. State Corporation Commission- Joseph Face, Commissioner, Bureau of Financial Institutions

- Summarized HB 2031, which was enacted by the Virginia General Assembly on March 27, 2009.
 - HB 2031 requires minimum compliance with the federal SAFE Act, in order to prevent HUD from taking over the licensing and registration of mortgage loan originators (MLO).
 - To minimally comply, MLOs must be licensed by the BFI and registered in the Nationwide Mortgage Licensing System (NMLS) by July 1, 2010.
 - This past March, the BFI began transitioning onto the NMLS for registration and state licensing of MLOs.
 - On August 4, BFI went live on the NMLS, and the NMLS began accepting registrations from Virginia MLOs.
 - Once registered on the system, the MLOs receive unique identifiers.
- 33 states are currently using NMLS, including Virginia, and another 22 are in the process of transitioning onto the system.
- HB 2031 requires only MLOs to obtain registration and state licensing on the NMLS, not mortgage companies.
 - Most states require both MLOs and mortgage companies to register.
- Fannie Mae and Freddie Mac refuse to purchase loans from mortgage companies unless these companies have a unique identifier.
- **Delegate Marshall**—*How many unique identifiers are there?*
 - Don't know; 7,000 is an educated guess.
- Each mortgage company can now employ only three MLOs not five.
- This is an efficiency issue; system would be more efficient if Virginia also required mortgage companies to register.
 - Mortgage companies may find it difficult to manage their MLOs without being on the system.

3. Travis Hill, Virginia Housing Development Authority

- Agrees FHFA needs to register mortgages companies.
- Fannie Mae and Freddie Mac basically stated that these companies need unique identifiers if they want to conduct business.

4. Alexander MacCaulay, Citi Group

- Discussion regarding registry fees.
- *Can fees be instituted without statutory authority?*
 - o Fees must be authorized by the General Assembly.

5. Follow-up Remarks, Joseph Face

- Nationwide trend is that states are enacting legislation.
- Virginia, Colorado, and Minnesota will be the only states left that do not require both MLOs and mortgage companies to register.
- **Delegate Hull**—*Mortgage lending is an interstate activity. Virginia must adopt the same procedures as others or else Virginia businesses will be affected because people won't be able to get mortgages; bad for Virginia consumers.*
- Debate ensued regarding whether something should be drafted legislatively or whether the SCC could promulgate something regulatorily.

6. Closing Request, Delegate Marshall

- Requests that DLS, SCC, and interested stakeholders draft legislation to present at next meeting, Friday, October 23, 2009 at 10 A.M.

7. The meeting was adjourned at 11:45 A.M.