

Introduction

Midwest Loan Solutions, Inc. (MLS) is committed to the highest standards of Federal and state borrower compliance. MLS requires all management, employees and third-party originators and vendors to follow these policies and to adhere to these standards.

The purpose of this policy is to ensure MLS and its third party originators are complying with the requirements of the provisions of the Secure and Fair Enforcement for Mortgage Licensing Act and to implement borrower protection mechanisms as is required by Federal regulation.

The standards set out in this policy represent minimum requirements based on applicable legal and regulatory guidance and apply throughout MLS' operations. In accordance with MLS' policy, Secure and Fair Enforcement for Mortgage Licensing policy and procedures described herein shall apply to all residential mortgage transactions and represent the full scope of products, property types, branches and geographic locations.

Background

Congress enacted the SAFE Act to enhance consumer protection and reduce fraud by setting minimum standards for the licensing and registration of Mortgage Loan Originators. It implements rules establishing requirements for licensing and registration of all individuals who are considered to be MLOs under Federal and/or state law. MLOs who work for an insured depository institution must be registered. All licensing and registration information is maintained by the Nationwide Licensing System Registry.

Review Requirement

MLS requires this policy and procedure to be reviewed no less than annually or when Federal regulation is amended and such amendments apply to MLS and its third party originators.

Definition

The SAFE Act covers the registration of mortgage loan originators and financial consultants (MLO) defined as an individual who:

- Takes a residential mortgage loan application; and
- Offers or negotiates terms of a residential mortgage loan for compensation or gain.

A residential mortgage loan means any loan primarily for personal, family or household use that is secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling or residential real estate upon which is constructed or intended to be constructed a dwelling (including manufactured homes) and includes refinances, reverse mortgages, home equity lines of credit and other first and additional lien loans.

MLO Registration and Maintenance of Data in the Registry

MLS takes all necessary steps to identify those employees and third party originators who must be registered in the National Mortgage Licensing System and Registry (the "Registry" or "NMLS") and ensures that those employees and third party originators register and receive a unique identifier. Newly approved MLOs will not

undertake any MLO duties until MLS has verified that the MLO has registered and his/her data in the Registry is correct. Procedures will be followed to ensure all MLO's information is kept confidential.

Some states may require MLOs, Loan Processors, Underwriters and other specific individuals be registered at the state level within NMLS as well.

MLS has appointed a system administrator to monitor MLO data in the Registry, conduct an annual review of MLO data annually between November 1 and December 31, and to make changes to MLO status within 30 days of any change. If any employee fails to provide the information required for registration, or it is later determined that the information provided was inaccurate, said employee will not be allowed to originate until the data has been entered or corrected. The Bank shall determine whether additional disciplinary measures are necessary, which may include termination.

NMLS Unique Identifier

The Name and NMLS Unique Identifier of any NMLS Registrant with MLS or its third party originators must be listed on the following:

- Business Card
- E-mail Signature Line
- All Advertisements
- All loan documents as required, including but not limited to: the credit application, the note or loan contract; and the security instrument

NMLS Continuing Education Requirements for State Licensed MLO

As a condition for state license renewal, a MLO is required to complete at least eight (8) hours of NMLS approved continuing education (CE). The 8 hours of annual CE must include at least:

- 3 hours Federal law and regulations
- 2 hours of Ethics (including instruction on fraud, consumer protection, and fair lending issues)
- 2 hours of training related to lending standards for the nontraditional mortgage product marketplace
- 1 hour of undefined instruction on mortgage origination

Some states require additional CE on their state-specific education. All MLOs are required to complete the eight (8) hours of CE before November 1 of each year. The additional state specific CE is required to be completed before December 1 of each year. In the event that the MLO does not complete all of the CE before the required dates, the MLO will be restricted from access to the MLS' TPO portal.