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To: Clients and Friends

From: David F. Dulock

Subject: NMLS Credit Report Authorization Beginning November 1, 2010

The Texas Department of Savings and Mortgage Lending requires all licensees to authorize a credit report through NMLS by **no later than December 31, 2010.** (*The Department also encourages licensees to authorize a credit report through NMLS prior to renewing their license for 2011.*) In view of this requirement, we reprinted below the credit report notice (redacted for brevity) from the following NMLS web address: <http://mortgage.nationwidelicensingsystem.org/profreq/credit/Pages/default.aspx>.

“NMLS will launch [credit report] functionality on November 1, 2010 that enables an individual to authorize a credit report through NMLS. Beginning November 1st, every MLO participating in NMLS will be required to complete the credit report authorization process through NMLS regardless of any prior state requirements.

- *New applicants* wishing to obtain a mortgage loan originator (MLO) license will be required to authorize a credit report and score with the submission of their license application (MU4 Filing).
- *Transitioning applicants* will be required to authorize a credit report and score with the submission of their transition request (MU4 Filing).
- *Mortgage Loan Originators who have already filed their MU4* through NMLS will need to authorize a credit report and score through NMLS prior to the deadline(s) imposed by the state(s) in which they are licensed, even if credit information was previously reviewed by an agency.

The credit report functionality in NMLS will require the MLO to complete an identity verification process (IDV) in order to authorize the credit report. This will involve answering a series of questions about information found on their credit report. It will be necessary for all MLOs to log into NMLS and personally answer these questions. Companies will not be able to answer these questions on behalf of their MLOs.

Additional details about credit reporting include:

- \$15 fee collected through NMLS
- Soft inquiry – will not negatively impact MLO’s credit history
- Single Bureau TransUnion© Credit Report with Vantage Score®
- The same credit report can be used to satisfy the credit report requirement for both existing licenses and any additional licenses (through Transition Request or New Application) for up to 30 days.
- The MLO is required to verify their identity generally one time by answering randomly generated questions through TransUnion’s© system
 - 3 to 4 questions regarding topics such as current/prior addresses, mortgages, auto loans and current/prior phone numbers

Each state regulator will independently review the credit information of MLOs licensed in their jurisdiction. There is no automated standard or minimum score that will be enforced inside NMLS. The SAFE Act leaves it to the discretion of each state regulator to develop their own processes and standards for reviewing credit information and determining the financial responsibility of their licensees.”