
Organizational Functional Area:
Board Approved:
Department/Individual Responsible

Mortgage Lending
October 19, 2010
SAFE Act Administrator

SAFE Act Policy (Secure and Fair Enforcement for Mortgage Licensing Act)

It is the policy of _____ to comply with the interagency rules implementing the SAFE Act (12CFR34,OCC; 12 CFR 208, Federal Reserve; 12 CFR 365, FDIC; 12CFR 563, OTS). The board directs management to implement policies and procedures as directed by the interagency rules that will ensure the bank's compliance with the law. All consumer purpose loans secured by a mortgage, deed of trust or other equivalent security interest on a dwelling are subject to this act. The act includes but is not limited to; junior liens, home equity lines of credit, construction loans as well as purchase loans and refinances. Modifications and refinancing may be covered depending upon the actual transaction; if the individual undertakes activities of a mortgage loan originator, then the modification or refinancing will be covered by the SAFE Act. Commercial loans are not subject to this Act.

Management appoints Human Resources (HR); as the Systems Administrator for the Registry and a primary contact person. HR has the authority to enter required information to the Registry. Loan Committee and the Compliance Officer, will ensure that these persons and anyone they may delegate authority to submit information to the Registry on behalf of the mortgage loan originators (MLOs) does not act as a mortgage loan originator as defined in the rule.

Definitions

A mortgage loan originator is an individual who takes a residential mortgage loan application and offers or negotiates terms of a residential mortgage loan for compensation or gain. An MLO does not include an individual who performs purely administrative or clerical tasks on behalf of a MLO, or who performs real estate brokerage activities and is licensed or registered as a real estate broker under state law unless the individual acts as an MLO and is compensated by a lender, mortgage broker or other mortgage loan originator or an agent of one of these entities or an individual or entity solely involved in extensions of credit related to timeshare plans.

Registry

The Nationwide Mortgage Licensing System and Registry is the system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators for the State licensing and registration of state licensed mortgage loan originators and the registration of MLO. The Registry will not screen or approve individuals as MLOs. The Registry is a repository of and conduit for information on those employees who are mortgage loan originators at federally regulated institutions.

SAFE Act Administrator

The system administrator will ensure that all assigned roles are carried out as required by the SAFE Act and that all employees who must be registered as MLOs are properly registered and such registrations renewed properly while the MLO is an employee of the bank. The system administrator will also work with the loan committee to identify all employees who meet the definition of MLO. They will also review loan department personnel duties yearly to ensure that all appropriate personnel are registered as required.

Registration Requirements

Management is directed to implement procedures to ensure that all bank employees who are defined as MLOs are registered with the system designated by the agencies. The bank will require the HR and management review all job descriptions for persons working in the mortgage area to ensure the bank registers all appropriate personnel. This review will be documented and made available to auditors and examiners. Loan Committee will ensure that the bank will not allow non-registered personnel to conduct any activities associated with mortgage loan origination as set forth in the regulation. If there is an instance where an MLO has failed to comply with the registration requirements or any other requirement, such as

providing mortgage loan applicants with their unique identifier, management will review and act on each circumstance on an individual basis. Actions could include verbal warnings, written warning, and termination of employment. The MLOs must agree to make the following information available to the Registry and will sign the permission form (See Appendix B):

- Name and any other names used
- Address of principal business location and contact information
- 10 year financial services-related employment history prior to registration or renewal
- Date became bank employee
- Convictions of any criminal offense involving dishonesty breach of trust, or money laundering or agreements to enter into a pre-trial diversion or similar program in connection with the prosecution for such offense, against the MLO or organizations controlled by the MLO. The HR will provide a mortgage loan originator packet to all MLOs, who are then required to complete and return to the Systems Administrator.

The Systems Administrator is responsible for gathering and maintaining this information and ensuring that information that is sent to the Registry is correct and accurate. To the extent possible the Systems administrator will verify information provided by the employee with information from the HR and other appropriate internal records. The administrator will submit the information electronically or any other specified method as dictated by the agencies' registration system.

New mortgage loan originators are not permitted to act as mortgage loan originators for unless they are registered with the Registry, obtain a unique identifier, and maintain the registration. A registration effective date is not delayed for fingerprint or criminal background check processing. The Registry will conduct a completeness check of the information submitted by or on behalf of the registrant. At the time the Registry determines all required information has been submitted and all Registry requirements have been met, such as payment of applicable fees, it will transmit notification electronically to the MLO that they are registered or that their registration is renewed or updated as applicable.

The bank will be responsible for reviewing the criminal history background report once it is completed, and taking any necessary action based on the findings of this report, pursuant to the institution's policies and procedures, as required by this final rule. Note: the MLO will obtain a unique identifier during the registration process and not when the registration is complete.

Confirming the Adequacy and Accuracy of Employee Registration

The MLOs will be required to complete a registration form that will include all information required for the registration process (See also Appendix A & Forms). This information will include:

- Current name and any other names used
- Home address and contact information
- Address of the employee's principal business location and business contact information
- Social Security Number
- Gender
- 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 employee became an employee of this bank
- Convictions of any criminal offense involving dishonest, breach of trust, or money laundering, or agreements to enter into a pre-trial diversion or similar program in connection with the prosecution for such offense, against the employee or organizations controlled by the employee
- 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 the 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
- 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 action, including settlements, or which resulted in a judgment

The bank will require the MLOs to obtain digital fingerprints for submission through the Registry to the Federal Bureau of Investigation (FBI) and any governmental agency or entity authorized to receive such information in connection with a state and national criminal history background check. Fingerprints provided to the Registry that are less than three years old may be used to satisfy this requirement.

Employee Authorization

Although the bank may facilitate the transmission of information required for the registration of MLOs to the Registry, the MLO must:

- Authorize the Registry and the bank to obtain information related to sanctions or findings in any administrative, civil, or criminal action, to which the MLO is a party, made by any governmental jurisdiction
- Confirm the correctness of all required information submitted on behalf of the employee by the bank
- Authorize the Registry to make available to the public information as required by law

Procedures and Tracking Systems for Monitoring Compliance with Registration and Renewal Requirements

The MLO's are required to provide updated or changed circumstances information to the Systems administrator as soon as it occurs. Management directs the Systems Administrator to update information provided to the Registry within 30 days of the date that this information is no longer accurate and renew the registrations during the annual renewal period, which currently defined in the regulations as November 1 through December 31 of each year. An MLO who completed their original registration after July 1 need not renew the registration during the annual renewal period of that year.

The Systems Administrator will assist MLOs in updating and renewing their information as long as they remain employed with the bank. All MLOs must:

- Renew the registration during the annual renewal period
- Confirm that the information originally sent remains accurate and complete
- Update the registration within 30 days of any of the following events:
 - A name change
 - The MLO no longer works for the bank
 - The information required becomes inaccurate, incomplete, or out of date

Bank Information

- Name, main office address, and business contact information
- Internal Revenue Service Employer Tax Identification Number
- Research Statistics Supervision and Discount (RSSD) Number, as issued by the Board of Governors of the Federal Reserve System
- Identification of bank primary federal regulator (OTS)
- Name(s) and contact information of the individual(s) with authority to act as the bank's primary point of contact for the Registry
- Name(s) and contact information of the individual(s) with authority to enter the information required to the Registry and who may delegate this authority to other individuals

Confirmation

The bank's contact person and the Systems Administrator must comply with the Registry protocols to verify their identity and must confirm that:

- They have the authority to enter data on the bank's behalf
- The information provided to the Registry is correct
- The information will be kept as required
- The Systems Administrator will file accurate supplementary information on a timely basis

Unique Identifier

Once registered, the MLOs will receive their unique identifier that they will keep as long as they perform MLO activities and are registered and/or licensed. The bank will make the unique identifiers of all MLOs available to consumers upon request. The bank will have cards with all MLOs information and a statement describing the unique identifier and process to access the Registry. This information will also be in poster format for the bank lobby area. The MLO unique identifier will be kept in the MLO's personnel file located in HR.

- The MLOs must provide their unique identifier to a consumer:
- Upon request
- Before acting as an MLO
- Through their initial written communication with a consumer, if any, whether on paper or electronically.

All MLOs will add the unique identifier to their email, business cards and any other standardized communication tools used to aid business contact.

Employee Training

The board directs management to ensure that all MLOs are fully trained about their responsibilities under the law. All new originators, even if they have been registered or licensed elsewhere, will receive SAFE Act training within 90 days from the date they are hired. This requirement will be documented in the MLOs personnel file. Additional training will be required should there be a change in the rules and also based on internal or external audits if violations have been discovered.

Requirements for Employees Who Have Previously or Are Licensed as an MLO

When the bank hires a MLO who is already registered or licensed, has obtained a unique identifier from the registry, and has maintained this registration or license, the registration requirements of the SAFE Act are met if:

- The bank updates the employment information in the Registry
- The bank sends new fingerprints 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 bank has submitted its own information to the Registry

Reviewing Employee Criminal History Background Reports Received from the Registry and Appropriate Action Taken

Management will review all criminal history background reports on employees received from the FBI through the Registry. Appropriate action will be taken based on individual circumstances. This action will be consistent with federal and state law.

Annual Independent Testing

An annual audit of the requirements of the act will be conducted by the Internal Auditor, results and findings will be presented to the Executive committee and Audit Committee.

APPENDIX A

SAFE ACT EXAMPLES OF MORTGAGE LOAN ORIGINATOR ACTIVITIES

This Appendix, provided by the banking regulatory agencies, provides examples to aid in the understanding of activities that would cause an employee of a bank to fall within or outside the definition of mortgage loan originator. The examples in the Appendix are not all inclusive. They illustrate only the issue described and do not illustrate any other issues that may arise under this subpart. For the purposes of the examples below, the term “loan” refers to a residential mortgage loan. Taking a loan application includes receiving information provided in connection with a request for a loan to be used to determine whether the consumer qualifies for a loan, even if the employee:

- Has received the consumer’s information indirectly in order to make an offer or negotiate a loan
- Is not responsible for further verification of information
- Is inputting information into an online application or other automated system on behalf of the consumer
- Is not engaged in approval of the loan, including determining whether the consumer qualifies for the loan

Taking an application does not include any of the following activities performed solely or in combination:

- Contacting a consumer to verify the information in the loan application by obtaining documentation, such as tax returns or payroll receipts
- Receiving a loan application through the mail and forwarding it, without review, to loan approval personnel
- Assisting a consumer who is filling out an application by clarifying what type of information is necessary for the application or otherwise explaining the qualifications or criteria necessary to obtain a loan product
- Describing the steps that a consumer would need to take to provide information to be used to determine whether the consumer qualifies for a loan or otherwise explaining the loan application process
- In response to an inquiry regarding a pre-qualified offer that a consumer has received from the bank, collecting only basic identifying information about the consumer and forwarding the consumer to a loan originator
- Receiving information in connection with a modification to the terms of an existing loan to a borrower as part of the bank’s loss mitigation efforts when the borrower is reasonably likely to default The following examples are designed to illustrate when an employee offers or negotiates terms of a loan, and conversely, what does not constitute offering or negotiating terms of a loan.

Offering or negotiating the terms of a loan includes:

- Presenting a loan offer to a consumer for acceptance, either verbally or in writing, including, but not limited to, providing a disclosure of the loan terms after application under the Truth in Lending Act, even if:
 - Further verification of information is necessary
 - The offer is conditional
 - Other individuals must complete the loan process
 - Only the rate approved by the bank’s loan approval mechanism function for a specific loan product is communicated without authority to negotiate the rate
- Responding to a consumer’s request for a lower rate or lower points on a pending loan application by presenting to the consumer a revised loan offer, either verbally or in writing, that includes a lower interest rate or lower points than the original offer
- Offering or negotiating terms of a loan does not include solely or in combination:
- Providing general explanations or descriptions in response to consumer queries regarding qualification for a specific loan product, such as explaining loan terminology (i.e. debt to income ratio); lending policies (i.e. the loan to value ratio policy); or product related services · In response to a consumer’s request, informing a consumer of the loan rates that are publicly available such as on the bank’s website for specific types of loan products without communicating to the consumer whether qualifications are met for that loan product
- Collecting information about a consumer in order to provide the consumer with information on loan products for which the consumer generally may qualify, without presenting a specific loan offer to the consumer for acceptance, either verbally or in writing

- Arranging the loan closing or other aspects of the loan process, including communicating with a consumer about those arrangements, provided that communication with the consumer only verifies loan terms already offered or negotiated
- Providing a consumer with information unrelated to loan terms, such as the best days of the month for scheduling loan closings at the bank
- Making an underwriting decision about whether the consumer qualifies for a loan
- Explaining or describing the steps or process that a consumer would need to take in order to obtain a loan offer, including qualifications or criteria that would need to be met without providing guidance specific to that consumer's circumstances
- Communicating on behalf of a mortgage loan originator that a written offer, including disclosures provided pursuant to the Truth in Lending Act, has been sent to a consumer without providing any details of that offer

The following examples illustrate when an employee does or does not offer or negotiate terms of a loan for compensation or gain:

- Offering or negotiating terms of a loan for compensation or gain includes engaging in any of the activities in paragraph (b)(1) of this Appendix in the course of carrying out employment duties, even if the employee does not receive a referral fee or commission or other special compensation for the loan
- Offering or negotiating terms of a loan for compensation or gain does not include engaging in a seller-financed transaction for the employee's personal property that does not involve the bank

SAFE Act

Employee Acknowledgement

Title V of the Housing Economic Recovery Act of 2008, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E. Act) is designed to enhance consumer protection and reduce fraud through the setting of minimum standards for the licensing and registration of mortgage loan originators. Registration is required for MLOs who work for an insured depository institution. This Act requires all MLOs to submit fingerprints for submission to the Federal Bureau of Investigation for a criminal background check. It also requires that MLOs provide authorization for the National Mortgage Licensing System and Registry to obtain an independent credit report.

The mortgage loan originator must fill out the registration form. This information will be transferred to the NMLS Registry. Failure to provide the required information and to authorize the bank to obtain information will result in MLO being unable to be a mortgage loan originator.

The information that **will not** be available to the public is:

- Home address and contact information
- Social Security Number
- Gender
- Place and Date of Birth
- Fingerprints

The data base will be accessible to each state's regulatory authority, federal regulatory agencies, law enforcement, and consumers (limited data). Once the registration form, fingerprints, credit check and background check have been completed the bank will be notified and the MLO will then apply for a "unique identifier", a permanent number. This number or combination of letters and numbers will need to be on any correspondence, business cards, etc. The new mortgage applications have a designated block for this number. This number must be given to the consumer at time of first interview with a written explanation of what this number is and where information on the lender can be found. The unique identifier permanently identifies a MLO. It is assigned by the Nationwide Mortgage Licensing System and Registry and the Federal banking agencies to facilitate electronic tracking of mortgage loan originators and uniform identification of, public access to, the employment history of and the disciplinary actions against mortgage loan originators.

There is a website the public can access to obtain information on any mortgage loan originator by using the "unique identifier". The website is www.nmlsconsumeraccess.org. Please contact HR any time there is a change in the information that was provided for registration, such as change of name, change of address, etc.

The certification for the background check will address:

- Applicant has never had a loan originator license revoked in any governmental jurisdiction
- Applicant has not been convicted of, or pled guilty to, a felony in a domestic, foreign, or military court:
 - During the 7-year period preceding the date of the application for licensing and registration; or
 - At any time preceding such date of application, if such felony involved an act of fraud, dishonesty, or a breach of trust, or money laundering

The Registry has designed and implemented a system through which the registrant may provide additional explanatory information to accompany a positive response to any of the disclosure questions regarding criminal history or other information at any time, including the annual renewal process. This explanatory information may be made public. Relevant nonpublic information submitted to the Registry will only be accessible to the agencies and state regulators of mortgage loan originators, as appropriate.

I attest to receiving, understanding, and pledging to adhere to the law regarding the SAFE Act and the Banks SAFE Act Policy & Procedures.

Signature

Date

SAFE Act Employee Registration Information

Name:	
(current name and any other names used)	
HM Address:	
Home Telephone:	
Home E-mail:	

Office Location:	Haysville
Business Telephone:	
Business E-mail:	
SSN:	
Gender:	
Date of Birth:	
Place of Birth: City, State	

Financial services-related employment history for the 10 years prior to the date of registration or renewal, including the date became employee of GSLA:

For the following enter dates and other pertinent information or state NONE Convictions of any criminal offense involving dishonesty, breach of trust, or money laundering, or agreements to enter into a pretrial diversion or similar program in connection with the prosecution for such offense, against the employee or organizations controlled by the employee:

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:

List any 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:

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 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 action, including settlements, or which resulted in a judgment:

I authorize the Registry and _____ to obtain information related to sanctions or findings in any administrative, civil, or criminal action, to which I may be a party, which was made by any governmental jurisdiction. I further authorize the Registry to make information available to the public as required by the law.

I also attest to the correctness of all information stated above.

Signature of Employee

Date

SAFE Act Permission Form

I, _____ give permission to the _____ to enter my registration information for the NLMS Registry on my behalf. I understand that portions of this information will be made available to the public through the Registry's website as required by law. I will inform the Human Resources of any changes to this information when it occurs and complete a SAFE Act Information Change Form. I also give permission for the NMLS Registry to obtain a credit report from a consumer credit agency and to also allow _____ and the Registry to obtain information related to any administrative, civil or criminal findings by any governmental jurisdiction. I authorized the Registry to make available to the public the following information required by the SAFE Act:

- My name(s) used
- Address of my principal business location & contact information
- 10 year financial service related employment history prior to registration or renewal
- Date I became a bank employee
- Convictions of any criminal offense involving dishonesty breach of trust, or money laundering or agreements to enter into a pre-trial diversion or similar program in connection with the prosecution for such offense, against myself or organizations controlled by me.

I understand that as a requirement of the SAFE Act I am required to obtain digital fingerprints. The fingerprints will be uploaded to the Registry and made available to the FBI for my criminal background check. I will provide my fingerprints in accordance with this Act.

I understand, as a mortgage loan originator (MLO), I am required to provide my unique identifier to a consumer:

- Upon request;
- Before action as a mortgage loan originator; and
- Through any initial communication with a consumer whether on paper or electronically
- Any correspondence between the consumer and bank during the loan process such as cover letter for disclosures and disclosures, cover letter for commitment letter and commitment letter, and any other information that is signed by the loan officer.

I understand the information above and understand it will be kept in my personnel file and will remain confidential.

Signature

Date

SAFE Act Information Change Form

I _____ certify the information provided to HR for the SAFE Act has:

Not changed or

The following information has changed:

Signature

Date

SAFE Act Compliance Checklist

Bank Registry

- Name, main office address, and business contact information
- EIN
- RSSD Number
- OTS primary regulator
- Names and contact information of the individual(s) with authority to act as the primary contact for the Registry.
- Names and contact information for the individual(s) with authority to obtain and enter information in the Registry.
- Information will need to be reviewed and updated on an annual basis, Nov 1- Dec.31.

FOR EACH MLO

MLO Registration Packet

- Employee Acknowledgement Form Signed & Dated
- Credit Report Form (HR) Signed & Dated
- Employee Registration Information Form Signed & Dated
- Authorization Form Signed & Dated
- Verification of MLO packet information against HR information for accuracy
- Proof of 10-year financial services related work history for new hires, W-2s

Enter information into the Registry

- Email from Registry verifying receipt of submitted documentation
- Review Reports from Registry
- Review submission for accuracy

Update Information

- Update information when it becomes inaccurate, incomplete or out of date within 30 days of the receipt of this information, such as name change, termination of employment, or change in personal financial history explanation of action taken when the employee fails the background check Bank registration

- Name, main office, address, business contact information
- EIN
- RSSD
- FDIC, primary regulator
- Names and contact information for primary contact
- Names and contact information for Systems Administrator

MLO Registration

- Create Account
- Given PIN
- Upload fingerprints
- Upload additional information regarding MLO and Lender
- Background check begins
- Senior management review of background history
- Senior management review of credit history

Once MLO passes background and credit check complete registration process

- Registry will provide Registration Certificate Number
- Download Criminal Background Check Certificate
- Save PIN and Password

FOR EACH MLO

Annual Review

- Obtain certification of changes to information since last update or lack of any changes each year from each MLO
- Annual review with System Administrator and Loan Committee-verify that all appropriate personnel are registered and trained
- Review training documentation with new hires and current employees.

ORGANIZATIONAL FUNCTION AREA:	Compliance
POLICY FOR:	S.A.F.E. Act
APPROVED BY BOARD	January 20, 2011
LAST REVISION DATE:	October 15, 2010
DEPARTMENT/INDIVIDUAL RESPONSIBLE FOR MAINTAINING/UPDATING POLICY	Human Resources HR Operations Manager

BANK - S.A.F.E. Act Policy

PROGRAM PURPOSE

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (the “S.A.F.E. Mortgage Licensing Act,” or the “SAFE Act”), was enacted on July 30, 2008 and requires registration of all individuals acting as mortgage loan originators with the Nationwide Mortgage Licensing System and Registry. The S.A.F.E. Act was enacted to enhance consumer protection and reduce fraud by setting minimum standards for the licensing and registration of Mortgage Loan Originators.

DUTIES AND RESPONSIBILITIES

The Compliance Officer has been given the authority to administer the S.A.F.E. Act. The Human Resources Operations Manager has been given the responsibility to register those employees who are deemed to be serving as mortgage loan originators with the Nationwide Mortgage Licensing System and Registry as required by the S.A.F.E. Act.

Any amendments to Bank’s S.A.F.E. Act Policy will be reviewed and approved by the Board at least annually.

MANAGEMENT STRUCTURE AND REPORTING

The Human Resources Operations Manager will at least annually define, by name or position, all individuals who are authorized by Bank or its subsidiaries to act in the capacity of Mortgage Loan Originators. Personnel records will be clearly annotated as needed to identify positions or individuals serving in that capacity. Only individuals so authorized are permitted to provide the services of Mortgage Loan Originators and that no other individuals are permitted to provide the services or Mortgage Loan Originators and that no other individuals employed by this organization will be allowed or permitted to serve in that capacity. The Human Resources Operations Manager will ensure that all individuals acting as a Mortgage Loan Originator for Emprise:

- Provide identification and background information needed to become registered with the Nationwide Mortgage Licensing System and Registry prior to being allowed to serve the public in the capacity of a Mortgage Loan Originator;
- Renew their registration annually as required;

- Disclose their registration number to applicants as required on applications taken by them or processed with their assistance.

QUALIFICATIONS AND DUTIES

The Human Resources Operations Manager is an experienced operations manager with general knowledge of regulatory compliance. The HR Operations Manager will accomplish the requirements of the S.A.F.E. Act by ensuring proper registration of all employees acting as Mortgage Loan Originators.

MONITORING AND CORRECTIVE ACTION

An annual independent review and verification of the currency of the registration of all of Bank's Mortgage Loan Originators is to be conducted by March 1st of each year by the Audit Department.

Any employee of Bank or any of its subsidiaries who serves in the capacity of a Mortgage Loan Originator without complying with the requirements of this policy will be subject to disciplinary action up to and including possible termination of employment. Any Mortgage Loan Originator who fails to conform to the requirements of this policy will be required to take timely actions to resolve non-compliance and may be subject to appropriate disciplinary actions up to and including possible termination of employment.

BANK S.A.F.E. ACT POLICY

Approval/Revision: November xx, 2010

Authority: Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act)

SCOPE

On July 30, 2008, the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 was enacted. Final regulations were issued July 28, 2010 requiring financial institutions to develop and implement written policies and procedures designed to assure compliance with the regulation. The OTS regulation can be found at 12 CFR 563.101-105.

PURPOSE OF THE POLICY

Depository institutions that employ “mortgage loan originators” as defined in the SAFE Act must have written policies and procedures that contain the following required elements:

1. Establish a process to identify which employees are required to be registered mortgage loan originators;
2. Requires that the Bank inform employees who are required to register that they must do so and inform them how they can comply prior to engaging in any mortgage loan origination activity;
3. Establish procedures to specifically comply with unique identifier requirements;
4. Establish procedures to confirm the adequacy and accuracy of employee registrations, including updates and renewals, by comparison with Bank records;
5. Establish procedures and tracking systems to monitor compliance with registration and renewal requirements and procedures;
6. Provide for independent testing of the Bank’s policies and procedures for compliance with the regulation at least annually;
7. Provide for appropriate disciplinary action against any employee who fails to comply with registration requirements, the regulation, or the Bank’s related policies or procedures;
8. Establish a process to review the criminal history background reports on employees received through the FBI through the registry and take appropriate action, as well as maintaining records of the reports and documenting any action taken; and
9. Ensure any third parties that the Bank has arrangements with related to mortgage loan origination also have policies and procedures to comply with the Act, including

appropriate licensing or registration of their individuals acting as mortgage loan originators.

AUTHORITY AND RESPONSIBILITY

The Board designates Brenda Beverage, SVP/ Human Resources Director as the officer responsible for the development and implementation of the required written policies and procedures and to ensure each of the above required elements are addressed.

The Human Resources Director may consult with department managers and other employees to ensure that all assigned roles are carried out per Bank policy and as required by the SAFE Act so that the Bank's "mortgage loan originators" are properly identified and that the Bank does not allow non-registered employees to conduct mortgage loan origination activities. The Human Resources Director will ensure that all employees who must be registered as mortgage loan originators are properly registered and such registrations are renewed properly and timely while that individual is an employee of Bank.

The Human Resources Director will ensure all mortgage loan originators are informed of the regulation's requirements and the steps needed to register once the registry is operational. Training will also be required for all newly hired or transferred mortgage loan originators as part of employee orientation and will also be conducted when any changes are made to the regulation or when audits or reviews identify issues that can be corrected with additional training.

The Human Resources Director is authorized to designate employees of the Bank as system administrators to assist with data entry of Bank and mortgage loan originator information to the registry and monitor for changes. Neither the Human Resources Director nor anyone they may delegate authority to as a system administrator may act as a mortgage loan originator.

DEFINITIONS

A "residential mortgage loan" means "any loan primarily for personal, family, or household use secured by a lien on a dwelling or residential real estate upon which a dwelling is constructed or intended to be constructed." This would include construction, purchase, refinancing, reverse mortgages, home equity lines of credit, and other first or junior lien loans secured by any dwelling.

A "residential mortgage loan" does not include loans for business, commercial, or agricultural purposes that use a dwelling as collateral.

A "mortgage loan originator" means an individual who:

1. "Takes a residential mortgage loan application, and
2. Offers or negotiates terms of a residential mortgage loan for compensation or gain."

A "mortgage loan originator" does not include:

- a. An individual who performs purely administrative or clerical tasks on behalf of a mortgage loan originator; or
- b. An individual who performs real estate brokerage activities and is licensed or registered as a real estate broker under state law unless the individual also

acts as a mortgage loan originator and is compensated by a lender, mortgage broker or other mortgage loan originator or agent of one of these entities; or

- c. An individual or entity solely involved in extensions of credit related to timeshare plans.

“Takes a residential mortgage loan application” includes:

1. Receiving information, directly or indirectly, that will be used to determine whether the consumer qualifies for a loan even if that employee is not responsible for verifying the information or determining whether the consumer qualifies for the loan; or
2. Employees who input information into an online or other automated approval system on behalf of the consumer, but not those employees who input information on behalf of the loan officer such as clerical staff.

“Takes a residential mortgage loan application” does not include:

- a. Contacting a consumer to verify information from the loan application by obtaining documentation such as tax returns or payroll receipts;
- b. Receiving a loan application through the mail and forwarding it, without review, to loan approval personnel;
- c. Assisting a consumer in completing the application by explaining general terminology or clarifying types of information requested;
- d. Describing or explaining qualifications or criteria for a specific mortgage loan product or service;
- e. Informing a consumer of the steps to take to provide information to the mortgage loan originator or otherwise explain the application process;
- f. Responding to an inquiry from a prequalified offer and forwarding only basic identifying information about the consumer to a mortgage loan originator; or
- g. Receiving information in connection with a modification to the terms of an existing loan to a borrower as part of loss mitigation efforts when the borrower is likely to default.

“Offers or negotiates terms of a residential mortgage loan for compensation or gain” includes:

1. Presenting a loan offer to a consumer for acceptance, either verbally or in writing, including providing early Truth-in-Lending disclosures, even if further verification of information is needed, the offer is conditional, other individuals must complete the loan process, or only the rate approved by the automated loan approval mechanism is communicated without authority to negotiate the rate;
2. Responding to a consumer’s request for a lower rate or lower points on a pending loan application by presenting a revised loan offer to the consumer either verbally or in writing that includes a lower interest rate or lower points than the original offer; or

3. Engaging in activities that offer or negotiate terms of a residential mortgage loan in the course of carrying out employment duties even if the employee does not receive a referral fee, commission, or other special compensation.

“Offers or negotiates terms of a residential mortgage loan for compensation or gain” does not include:

- a. Providing general explanations or descriptions in response to consumer inquiries regarding qualifications for a specific loan product such as a debt-to-income ratio, lending policies such as a loan-to-value ratio, or product related services;
- b. Informing a consumer of loan rates that are publicly available without communicating whether the consumer meets qualifications for a loan product;
- c. Collecting information about a consumer in order to provide the consumer with information on loan products for which the consumer generally may qualify, without presenting a specific loan offer for acceptance either verbally or in writing;
- d. Performing purely “administrative or clerical” tasks for a mortgage loan originator meaning the receipt, collection and distribution of information common for the processing or underwriting of a residential mortgage loan and communicating with a consumer to obtain the necessary information;
- e. Arranging a loan closing or other aspects of the loan process as long as communication is limited to verifying loan terms already offered;
- f. Providing a consumer with information unrelated to loan terms such as the best days of the month to schedule loan closings;
- g. Employees who solely make underwriting decisions about whether a consumer qualifies for a loan;
- h. Explaining or describing the steps or process to take to obtain a loan offer from the mortgage loan originator, including qualifications or criteria but without providing guidance specific to that consumer’s circumstances;
- i. Communicating to a consumer on behalf of a mortgage loan originator that a written offer, including early Truth-in-Lending disclosures, has been sent but without providing any details of that offer; or
- j. Engaging in a seller financed transaction for the employee’s personal property that does not involve the employer.

REGULATORY REQUIREMENTS

Employees are prohibited from originating mortgage loans unless they register through the Nationwide Mortgage Licensing System and Registry, a secure web-based system, obtain a unique identifier, and renew their registration annually between November 1 and December 31, regardless of the date of initial registration. Registrations that are not renewed will become

inactive and the individual will be prohibited from acting as a mortgage loan originator until registration requirements are met.

REGISTRATION

The Bank's mortgage loan originators must make the following information available to the registry. The Bank may collect the appropriate information from our mortgage loan originators and send it along with the Bank's registration information, as appropriate. The Human Resources Director is responsible for ensuring that information the Bank sends to the registry is accurate. To the extent possible, the Bank will verify the information supplied by the employee with information from human resources and other appropriate internal records. The Bank will submit the information electronically or via another specific method as dictated by the registration system.

Employees required to register and comply with related Bank policies and procedures and who do not comply will be disciplined up to and including termination of employment. Newly hired employees whose background check is found to have a criminal background or other actions that would prevent them from acting as a mortgage loan originator may not act as a mortgage loan originator and are subject to disciplinary action up to and including termination of employment.

Employee Information

1. Current name and any other names used;
2. Social Security Number;
3. Gender;
4. Date and place of birth;
5. Home address and contact information;
6. Principal business location address and contact information;
7. Date of employment;
8. Financial services related employment for the past 10 years;
9. Convictions of criminal offenses that involve dishonesty or 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);
10. Civil or 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;
11. Actions or orders by a State or Federal regulatory agency or foreign financial regulatory authority that:

- a. 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;
 - b. Are entered against the employee in connection with a financial services related activity;
 - c. 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
 - d. 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;
12. 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;
 13. Revocation or suspension of the employee's authorization to act as an attorney, accountant, or State or Federal contractor;
 14. Customer-initiated financial services related arbitration or civil action against the employee that required action, including settlements, or which resulted in a judgment; and
 15. Fingerprints of the employee, preferably in digital format, and any appropriate identifying information for submission to the FBI and any other relevant government agency or entity authorized to receive such information for a criminal history background check. Previously collected fingerprints may be used as long as they are less than three years old.

An employee's registration must be updated within 30 days of a change in the employee's name or if other information becomes inaccurate or due to voluntary or involuntary termination of employment unless the individual will no longer be a mortgage loan originator. Employees have 60 days from the effective date to update their registration in the case of acquisitions, mergers, or reorganizations.

An employee need not register if, during the last rolling 12 months, he or she acted as a mortgage loan originator for five or fewer residential mortgage loans and only if the employee has never before been registered or licensed through the registry. The Bank is prohibited from structuring this exception to apply to multiple employees who each would not meet the registration threshold.

Employee Authorization and Attestation

Although the Bank may facilitate the transmission of this information to the registry, the employee must:

1. Authorize the registry and the Bank to obtain information related to sanctions or findings in any administrative, civil or criminal action, to which the employee is a party, made by any governmental jurisdiction;
2. Attest to the correctness of all required information, whether submitted by the employee or on behalf of the employee by the Bank; and
3. Authorize the registry to make available to the public information as required by the regulation. The registry will design a system through which an employee can provide explanatory information regarding any criminal history that must be disclosed.

Employer / Bank Information

The Bank must make the following information available to the registry:

1. Bank name;
2. Main office address;
3. Business contact information;
4. Employer Identification Number;
5. Identify its primary Federal regulator;
6. Research Statistics Supervision Discount number issued by the Fed;
7. The name of the Bank's primary point of contact and their contact information; and
8. The name(s) and contact information for any other system administrators

At least annually, the Bank must review and renew the required information with the registry. The Bank's registration must be updated within 30 days of a change to any of the required information. Regarding its registered mortgage loan originator employees, the Bank must confirm that it employs a registrant and notify the registry within 30 days of the date the registrant ceases to be an employee and also provide the termination date. When a registered mortgage loan originator becomes our employee due to an acquisition, merger, or reorganization, the Bank has 60 days from the effective date to update the registry.

If the Bank hires a person who is already registered, has obtained a unique identifier from the registry, and has maintained his/her registration, then the Bank must update the employment information with the registry and send new fingerprints for a background check unless the employee has fingerprints on file with the Registry that are less than three years old.

Bank Authorization and Attestation

The Bank's primary point of contact and any other system administrator must verify their identity with the registry and attest that:

1. They have the authority to enter data on behalf of the Bank;

2. The information provided to the registry is correct;
3. They will keep all required information; and
4. They will file accurate updates to the information timely.

Unique Identifier

Once registered, a mortgage loan originator will receive a “unique identifier” from the registry. The unique identifier will permanently identify a registered mortgage loan originator and will help track the employee electronically so the public can have access to the employment history and disciplinary or enforcement actions against the employee.

The Bank must retain the unique identifier of each of its mortgage loan originators and must make the unique identifier available to a consumer in a reasonable manner before the employee can act as a mortgage loan originator.

The mortgage loan originator must provide their unique identifier to consumers upon request, before acting as a mortgage loan originator, and through the originator’s initial written communication, whether paper or electronic, with a consumer such as with a commitment letter or good faith estimate.

The unique identifier cannot be used for any purpose other than those in the SAFE Act.

THIRD PARTY PROVIDER DUE DILIGENCE

The Chief Credit Officer will ensure all contracts with third party providers with which we have arrangements related to mortgage loan origination include a provision attesting that the third party complies with the SAFE Act including but not limited to appropriate licensing or registration of their employees who act as mortgage loan originators.

ANNUAL INDEPENDENT TESTING

The Compliance Officer must ensure independent testing of the Bank’s policies and procedures for compliance with the regulation occurs at least annually. The testing may be conducted by any employee independent of mortgage loan origination functions or by a third party vendor. Results of the testing will be supplied to the Audit Committee, the Human Resources Director, relevant department managers and the Compliance Officer along with management responses for any significant violations or exceptions.

INFORMATIONAL RESOURCES

More information about the SAFE Act regulation and registration may be found at:

<http://www.hud.gov/offices/hsg/ramh/safe/sfea.cfm>;

<http://mortgage.nationwidelicensingsystem.org/Pages/default.aspx>; and

<http://www.ffiec.gov/safeact.htm>

Part of Personnel Policy

SECURE AND FAIR ENFORCEMENT FOR MORTGAGE LICENSING ACT OF 2008

The SAFE Act is intended to improve the accountability and tracking of residential MLOs, enhance consumer protection, reduce fraud and provide consumers with easily accessible information regarding an MLO's professional background.

Process of identifying employees:

All employees of the bank who act as "mortgage loan originators" must comply with State licensing and registration requirements. Anyone who acts as a mortgage loan originator for six or more residential mortgage loans during the last 12 months is required to register as such with the State. All applicable employees will be informed of the registration requirements and be instructed on how to comply with such requirements and procedures. From this registration, a unique identifier will be assigned to each mortgage loan originator.

Complying with the unique identifier requirements:

The bank shall make the unique identifier of its registered mortgage loan originators available to consumers upon request, before acting as a mortgage loan originator and through the originator's initial written communication.

The cashier will confirm the adequacy and accuracy of the employee registrations, including updates and renewals. The cashier will also monitor compliance with registration and renewal requirements. If applicable, criminal history background reports will be reviewed and appropriate action will be taken, if necessary.

Independent testing will be conducted by the compliance officer at least annually.

If an employee fails to comply with the registration, he will be prohibited from acting as a mortgage loan originator until proper registration has been completed.