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# State of New Hampshire

## Banking Department

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Concord, New Hampshire 03301

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May 1, 2017

His Excellency, Governor Christopher T. Sununu  
And the Honorable Executive Council  
State House  
Concord, New Hampshire 03301

### REQUESTED ACTION

The New Hampshire Banking Department requests authority to continue its membership and participation in the Conference of State Bank Supervisors (CSBS) annual mortgage accreditation program, Vendor Number 170735, for the period of Governor and Council approved through June 30, 2018, in the amount of \$4,000.00.

Funds are available for payment of the accreditation membership from the account entitled Consumer Credit Division, 100% Other Funds, as follows:

<u>Account</u>	<u>Description</u>	<u>FY 2017</u>
010-07200-20430000-026-500251	Dues	\$4,000.00

### EXPLANATION

The mission of the Conference of State Bank Supervisors (CSBS) in conjunction with the American Association of Residential Mortgage Regulators (AARMR) is to assure the ability of each state banking authority to provide safe, sound, and well regulated financial institutions to meet the unique financial needs of local economies and citizens. In support of that mission CSBS and AARMR sponsor a comprehensive Mortgage Accreditation Program to enhance the professionalism of State Banking Department's Mortgage Divisions and their personnel. The Mortgage Accreditation Program involves a comprehensive review of the critical elements that assure a mortgage regulator's ability to discharge its responsibilities through an investigation of its administration and finances, personnel policies and practices, training programs, examination policies and practices, supervisory procedures, and statutory powers. In setting high standards, CSBS and AARMR are supporting public interest goals by identifying highly competent mortgage regulators and strengthening the capabilities of all agencies. The Banking Department was the fourteenth agency to receive accreditation in the Spring of 2014. The Department continues to implement and expand on the best practices for mortgage regulation in order to maintain the Department's accreditation, which greatly assists the Department in meeting our stated objectives for state mortgage regulation and New Hampshire consumers.

The following are the standard organization dues and membership questions and answers for Governor and Council approval.

1. How long has this organization been in existence and how long has this agency been a member of this organization?

The Conference of State Bank Supervisors (CSBS) was founded in 1902. CSBS is the professional association of state officials responsible for chartering, regulating and supervising the nation's state-chartered banks and state-licensed branches and agencies of foreign banks.

In addition to the services it provides to support the regulation of banks, CSBS supports the regulation of consumer credit companies, especially the mortgage banker, broker and servicer companies licensed by the New Hampshire Banking Department. CSBS offers invaluable training to the Consumer Credit Division (CCD) of the Department and supports the positions of regulators with Congress in the consumer finance area. The New Hampshire Banking Department (NHBD) has been a member since 1914.

The American Association of Residential Mortgage Regulators (AARMR) is a professional association of state officials responsible for mortgage regulation. It's mission is to promote the exchange of information and education concerning the licensing, supervision, and regulation of the residential mortgage industry, to ensure the ability of state mortgage regulators to provide effective mortgage supervision for a safe and sound industry meeting the needs of the local financial markets and to protect the rights of consumers.

2. Is there any other organization which provides the same or similar benefits which your agency belongs to?

CSBS and AARMR are the only organizations that provide an accreditation program for state mortgage regulation.

3. How many other states belong to this organization and is your agency the sole New Hampshire state agency that is a member?

CSBS and AARMR includes all 50 state banking agencies and those of several territories. NHBD is the sole member from the State of New Hampshire due to the purpose of these organizations.

4. How is the dues structure established? (Standard fee for all states, based on population, based on other criteria, etc)

The annual accreditation fee is a standard fee for all states that have received mortgage accreditation.

5. What benefit does the state receive from participating in this membership?

Participating in the accreditation program enhances the Department's ability to promote excellence in mortgage regulation with a minimum of regulatory burden and cost. Specifically, the program: provides guidance and assistance to state mortgage regulators through self-evaluation and self-improvement; provides independent evidence of the capability of an accredited state mortgage regulator, in view of the interstate mortgage provider environment; provides documentation that assists the Department to obtain the resources necessary to assure the effectiveness of state mortgage regulation; strengthens the mortgage regulation system by demonstrating the high level of capability of each accredited state mortgage regulator; and provides opportunities to share ideas and processes on state regulation as identified during the accreditation reviews.

6. Are training or educational/research materials included in the membership? If so, is the cost included? Explain in detail.

The accreditation program does not include training opportunities. Educational and research materials related to best practices in mortgage regulation are part of the accreditation program.

7. Is the membership required to receive any federal grants or required in order to receive or participate in licensing or certification exams? Explain.

The Consumer Credit Division regulates non-bank mortgage companies (brokers, bankers, and servicers). In 2009 the Federal S.A.F.E. Act passed and required that all mortgage loan originators (MLOs) had to be licensed in the states where they originate mortgages. If a state failed to provide a licensing scheme, the U.S. Department of Housing and Urban Development [(HUD), whose duties have now been taken over by the Consumer Financial Protection Bureau (CFPB)] would license and regulate that state's MLOs. New Hampshire participates, along with all the other states, in the CSBS developed Nationwide Mortgage Licensing System (NMLS) to license mortgage companies and originators. The states were also required by the S.A.F.E Act to have a system of regulation and examination in place that is to be judged by the CFPB as "adequate" for regulation of this industry. The bench mark to be used is "accreditation" of the agency by CSBS. The Department regulation of the mortgage industry is determined to be "adequate" because it achieved and maintains this accreditation.

8. Is there any travel included with this membership fee? Explain in detail any travel to include the number of employees involved, the number of trips, destination if known and purposes of membership supported trips.

No; any related travel expenses would constitute additional expenses not covered by the accreditation. NHBD personnel generally attend conferences or training events at various locations nationwide in order to maintain accreditation.

9. Which state agency employees are directly involved with this organization? (Indicate if they are members, voting members, committee members, and/or officers of the organization.)

The Commissioner, Deputy Commissioner, Director of Consumer Credit and the Licensing Supervisor of the Consumer Credit Division (CCD) are directly involved with the accreditation program.

10. Explain in detail any negative impact to the State if the Agency did not belong to this organization.

The Consumer Credit Division has gained and must keep accreditation from CSBS to maintain the minimum program requirements for satisfactory mortgage regulation. CSBS accreditation ensures that the Division has the authority, processes and resources to serve as an effective regulator in an ever changing regulatory environment. Failure to maintain these standards could negatively impact the Division's ability to sufficiently protect consumers through robust examination and oversight of the companies that offer mortgage services.

A copy of the invoice is attached for your review.

Your consideration of our request is appreciated.

Respectfully submitted,



Gerald H. Little  
Bank Commissioner

GHL/dma



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Conference of State Bank Supervisors and its affiliated companies,  
Education Foundation of State Bank Supervisors and  
State Regulator Registry

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### INVOICE

Invoice Date	Reference ID #
4/24/2017	5747

New Hampshire State Banking  
Department  
53 Regional Drive  
Suite 200  
Concord, NH 03301

Description	Amount	Credit	Balance
2017 Annual Mortgage Accreditation	\$4,000.00		\$4,000.00
<b>Total Due:</b>			<b>\$4,000.00</b>