

**CSBS/AARMR NATIONWIDE COOPERATIVE
PROTOCOL
FOR MORTGAGE SUPERVISION**

JANUARY 15, 2008

CSBS/AARMR NATIONWIDE COOPERATIVE PROTOCOL FOR MORTGAGE SUPERVISION

I. Statement of Purpose

The purpose of this Protocol is to assist state mortgage regulators by outlining a basic framework for the coordination and supervision of Multi-State Mortgage Entities (“MMEs”).

II. Coordinated Goals

A. The Coordinated Goals of the State Regulators are to protect consumers; to ensure the safety and soundness of MMEs; to identify and prevent mortgage fraud; to supervise and examine in a seamless, flexible and risk-focused manner; to minimize regulatory burden and expense; and to foster consistency, coordination and communication among the State Regulators.

B. To achieve the Coordinated Goals, the State Regulators resolve to:

1. Establish a Committee comprised of State Regulators to coordinate the supervision of MMEs.
2. Determine which multi-state mortgage entities will be identified as MMEs for the purposes of this Protocol.
3. Develop a Supervisory Program that is tailored to the MMEs’ condition and risk profile.
4. Participate in and support the effective implementation of the Supervisory Program.

III. Coordinated Supervisory Process

A. Determination of Multi-State Mortgage Entities by Risk Profile

The Committee will identify MMEs by risk profile based on origination and/or lending volume, scope of operations, allegations of fraud, complaints, and other risk factors as deemed relevant.

B. Joint and Concurrent Examinations

Due to the confidential nature of information obtained and produced during the examination of MMEs, only State Regulators having agreed to the Confidentiality Section of the Nationwide Cooperative Agreement for Mortgage Supervision will be authorized to participate in Joint Examinations. These State Regulators shall be known as “Joint Examination State Regulators.” State Regulators signing the Nationwide Cooperative Agreement for Mortgage Supervision without agreeing to the Confidentiality Section will be limited to coordinated participation in the examination of an MME through a Concurrent Examination. These State Regulators shall be known as “Concurrent Examination State Regulators.” For Concurrent Examinations each state is responsible for conducting its examination.

C. Scheduling of Examinations

The Committee will set examination schedules based upon assessed risk, available resources, State Regulator requests and other relevant factors. The Committee will communicate this schedule to State Regulators in a timely fashion.

The Committee will communicate the examination schedule to both Joint Examination State Regulators and Concurrent Examination State Regulators. In order to more effectively achieve the Coordinated Goals, Joint Examination State Regulators and Concurrent Examination State Regulators will exchange Non-Confidential Information on a regular basis through the Committee.

D. Establishment of Examination Teams

The Committee will contact participating Joint Examination State Regulators to staff Joint Examination Teams. The Committee will designate an Examiner-in-Charge ("EIC") for each Joint Examination Team. The EIC will serve as the primary point of contact between the MME and the Joint Examination Team.

Concurrent Examination State Regulators will independently staff their own Concurrent Examination Teams.

The Joint Examination EIC and Concurrent Examination EIC(s) will exchange Non-Confidential Information during the examination process for the purpose of furthering the Coordinated Goals.

Nothing in this Protocol shall prohibit a Joint Examination State Regulator from choosing to conduct a Concurrent Examination.

E. Complaints

Each State Regulator is responsible for processing, investigating and resolving consumer complaints filed against MMEs by residents of its own state. However, the State Regulators consider complaint activity to be one of the most relevant factors in assessing the need for coordinated consumer protections. The Committee will determine a reporting mechanism to and from the State Regulators to summarize the volume, nature and resolution of consumer complaints. As part of the supervision of MMEs these reports may be used by the Committee in identifying MMEs and scheduling examinations, and by the EICs of Joint Examination Teams and Concurrent Examination Teams in establishing the examination plan. State Regulators may use these reports as necessary in the supervision of MMEs and the mortgage industry

F. Examinations

1. The Joint Examination Teams and Concurrent Examination Teams assigned to a MME examination will develop their examination plans independently. When in the furtherance of the Coordinated Goals, the Joint Examination Team, at the direction of the Committee, will coordinate with Concurrent Examination Teams. The plan will take into consideration the institution's organizational structure and risk profile. Consideration should also be given to the institution's regulatory history, the quality of the institution's internal control/compliance functions, as well as any external audit. The examination plan, including the scope, shall be approved by the Committee prior to implementation.

2. Based on the examination plan, the Joint Examination Team will prepare a single entry letter and information request. If the Committee has determined that no confidentiality issues will arise by serving the entry letter and information request under a single cover, both the Joint Examination Team and the Concurrent Examination Team(s) may present the MME with the same entry letter and information request. However, if any Joint Examination State Regulator objects to the use of a shared entry letter and information request, the Committee shall instruct the Joint Examination Team to produce and deliver a separate entry letter and information request.

3. Inclusion of complaint information in the examination plan is considered a critical part of a comprehensive Supervisory Program. The EICs, Joint Examination Team and Concurrent Examination Teams will give complaint activity due consideration when establishing the examination plan and scope of the examination.

4. The State Regulators consider physical, onsite examinations to be an integral part of a comprehensive Supervisory Program. Therefore, unless the Committee determines otherwise, an onsite examination will be included as part of each examination plan.

5. The findings of the examination shall be reported in a formal exit conference and a final written report. The content and format of the final written report in a Joint Examination shall be approved by the Committee. Each State Regulator who has agreed to the Confidentiality Section of the Nationwide Cooperative Agreement for Mortgage Supervision and who has jurisdiction over the MME shall be provided a copy of the draft examination report prior to approval by the Committee. Each State Regulator who has agreed to the Confidentiality Section of the Nationwide Cooperative Agreement for Mortgage Supervision and who has jurisdiction over the MME shall be provided a copy of the final examination report prior to presentation to the MME. No Concurrent Examination State Regulator shall be provided the examination report; however, nothing in this Protocol shall prevent a Concurrent Examination State Regulator from sharing its examination report with the Joint Examination Team and/or the Committee.

6. The MME's response to the Joint Examination report shall not be shared with any State Regulator who has not agreed to the Confidentiality Section of the Nationwide Cooperative Agreement for Mortgage Supervision .

G. Supervisory Actions

1. State Regulators will, whenever possible, consult one another regarding supervisory actions (i.e. administrative, civil or criminal actions) considered or taken against MMEs. The Committee will facilitate communications between State Regulators on any such supervisory actions considered or taken against MMEs.

2. When State Regulators together determine that a supervisory action is warranted, the State Regulators will take any necessary steps to develop and implement a joint and/or concurrent action(s). The Committee will facilitate such development and implementation of joint and/or concurrent action(s).

3. Nothing in this Protocol limits, suspends or prohibits any State Regulator from exercising its authority or discretionary power to enforce its own laws or protect consumers.

IV. Support

Support to the Committee and Joint Examination Teams and Concurrent Examination Teams will be provided by CSBS and AARMR upon request and direction of the Committee. Joint Examination Teams and Concurrent Examination Teams will be provided administrative, technical, strategic and logistic support as approved by the Committee. In furtherance of the Coordinated Goals, the Committee may establish a separate protocol and agreement between CSBS/AARMR and the Committee/State Regulators.

V. Amendment

Any party to this Protocol may propose an amendment at any time, but this Protocol may be amended only by a written instrument signed by each of the signatory State Regulators.

VI. Definitions

"Committee" means the body recognized and authorized by the State Regulators in the Nationwide Cooperative Agreement for Mortgage Supervision as responsible for guiding coordinated supervision with MMEs.

"Concurrent Examination" means an examination of a Multi-State Mortgage Entity under a Supervisory Program developed for such MME, whereby one or more State Regulators conduct parallel but separate examinations from the Joint Examination.

"Concurrent Examination State Regulator" means a State Regulator who has not agreed to the Confidentiality Section of the Nationwide Cooperative Agreement for Supervision.

“Concurrent Examination Team” means a State Regulator examination team conducting a concurrent examination.

“Coordinated Goals” means the goals stated under section II.A. of this Protocol.

“Examiner-In-Charge (EIC)” means an examiner assigned by the Committee to lead a Joint Supervisory Team or the examiner leading a Concurrent Supervisory Team.

“Examination Team” means an examination team assigned to a specific MME examination, investigation or other related assignment. An Examination Team may be comprised of a team of examiners or other personnel from multiple states or a single state’s examiners or other personnel authorized to conduct a multi-state examination or investigation. An Examination Team may be either a Joint Examination Team or a Concurrent Examination Team.

“Joint Examination” means an examination of a Multi-State Mortgage Entity under a Supervisory Program developed for such MME conducted by two or more State Regulators that have agreed to the Confidentiality Section of this Agreement and that share information and combine examination and other resources under a single Committee-appointed EIC.

“Joint Examination State Regulator” means a State Regulator who has agreed to the confidentiality section of the Nationwide Cooperative Agreement for Mortgage Supervision.

“Joint Examination Team” means an examination team assigned to conduct a joint examination.

“Multi-State Mortgage Entity (MME)” means any multi-state, nondepository mortgage business with operations in two or more states identified by the Committee as an MME for purposes of this Protocol and the Nationwide Cooperative Agreement for Mortgage Supervision. At the discretion of the Committee, MME may also include multi-jurisdictional entities under the supervisory authority of more than one regulatory body. For example: the Committee may determine for the purposes of multi-jurisdiction coordination under this Protocol to identify an institution operating under the authorities of both a State Regulator and the Office of Housing and Urban Development, the Veterans Administration, the Federal Trade Commission, or other agency with supervisory or law enforcement authority, as a MME.

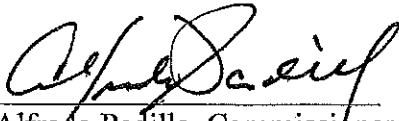
“Nationwide Cooperative Agreement for Mortgage Supervision” means the formal agreement entered between State Regulators for the purpose of fulfilling the Coordinated Goals.

“Non-Confidential Information” means information not covered and protected under the Confidentiality Section of the Nationwide Cooperative Agreement for Mortgage Supervision. In general, Non-Confidential Information is information, the disclosure of which would not violate any confidentiality statutes applicable to State Regulators.

“State Regulator” means a state regulatory agency with legal jurisdiction over one or more Multi-State Mortgage Entities. A State Regulator as used in this Protocol has agreed to this Protocol and the Nationwide Cooperative Agreement for Mortgage Supervision.

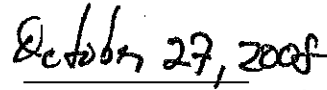
“Supervisory Program” means a program of regulatory supervision for an MME designed to achieve the Coordinated Goals established in this Protocol. The Supervisory Program includes examination scheduling, on-site examination, off-site monitoring and review, complaint reporting and profiling, report follow up, and where necessary, supervisory action.

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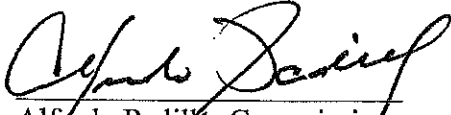
Alfredo Padilla, Commissioner

Puerto Rico Office of the Commissioner of Financial Institutions



Date

CSBS/AARMR NATIONWIDE COOPERATIVE
AGREEMENT
FOR MORTGAGE SUPERVISION



Alfredo Padilla, Commissioner

Puerto Rico Office of the Commissioner of Financial Institutions

October 27, 2008

Date