

**ADMINISTRATIVE ACTION PROCEDURES
FOR S.A.F.E. ACT EDUCATION REQUIREMENTS
NMLS Approved Course Providers**

Approved February 4, 2010¹

**By the
Mortgage Testing and Education Board**

Acting on behalf of

**State Regulatory Registry LLC (SRR)
And the
Nationwide Mortgage Licensing System & Registry (NMLS)**

I. Introduction

The Mortgage Testing and Education Board (MTEB) was created in September 2009 by the State Regulatory Registry LLC Board of Managers (SRR BOM). The MTEB's responsibilities include the oversight of testing and education requirements described in the federal SAFE Act². These responsibilities include, but are not limited to, overseeing the administration of disciplinary actions against NMLS Approved Course Providers (ACP), course provider applicants, students taking NMLS approved courses, and other persons and parties which may be covered under Rules of Conduct for Students and Standards of Conduct for Course Providers as established by SRR and the MTEB.

II. Covered Persons

(a) The SAFE Act obligates NMLS to apply reasonable standards to review and approve pre-licensure (PE) and continuing education (CE) courses³. NMLS employs a two-part approval process by which persons or organizations receive or are denied status as an NMLS Approved Course Provider (ACP). Once approved, ACPs are authorized to submit pre-licensure (PE) or continuing education (CE) courses for approval. Exercising its authority to apply reasonable standards to approve PE and CE courses, NMLS has established course design, approval, and delivery standards which NMLS ACPs are required to meet. Additionally, NMLS has established, and the MTEB has approved, Standards of Conduct for ACPs. Applicants and ACPs who fail to maintain provider or course approval standards and/or who violate the Standards of Conduct are covered by these Administrative Action Procedures.

III. Standards of Conduct for Course Providers and Administrative Actions

(a) Course provider applicants and ACPs agree to meet certain minimum standards of conduct. As a condition for becoming an ACP, individuals are required to agree to the

¹ Administrative Action Procedures – Amended and effective 09/13/2019, 8/18/2016. Amended and effective 11/06/2014. Amended and effective 12/15/2011. Amended and effective 4/13/2011. Amended and effective 5/27/2010. Adopted and effective 02/04/2010.

² 12 U.S.C. 5104(c)(1), 12 U.S.C. 5105(b)(2)

³ Ibid.

Standards of Conduct (SOC), which may be found [here](#). Contained within the SOC are requirements that ACP agree to meet and abide by the following policies:

- 1) NMLS Policy on Criteria for Granting Approval to Become an NMLS Approved Course Provider;
- 2) NMLS Policy on Criteria for Granting Approval for a Course to Become NMLS Approved;
- 3) NMLS Functional Specification for All NMLS Approved Courses;
- 4) NMLS Policy on Business Arrangements, Reselling, and Marketing of NMLS Approved Courses.

(b) Course provider applicants and ACPs may be subject to the terms and conditions and other agreements including but not limited to NMLS User Guides, Applications, NMLS policies and specifications pertaining to course configuration, content requirements, delivery, reporting, copyright laws, or other federal, state, or local laws or regulations.

(c) Section 2(J) of the SOC grants authority for SRR to conduct audits of any course it has approved at any time and by any means it sees fit to ensure the course is being delivered in accordance with NMLS policies.

(d) In the event of a violation of the Course Provider SOC or other substantive requirements issued by NMLS, SRR may bring administrative action against the course provider applicant or the ACP. Such administrative actions may include the denial of approval to become an ACP, the withdrawal of an ACP's approval, the suspension of the ACP's approval, suspension or removal of course(s) or course format approvals, and reprimands or other actions that may limit or restrict the manner in which the course provider applicant or ACP may operate with regard to the development and delivery of NMLS Approved Courses.

IV. The Mortgage Testing and Education Board (MTEB)

(a) The Mortgage Testing and Education Board (MTEB) is responsible for the oversight of SAFE Act required testing and education activities including the approval of these Administrative Action Procedures. The MTEB is comprised of state regulators and one representative of the American Association of Residential Mortgage Regulators (AARMR) appointed by the SRR Board of Managers.

(b) The SRR BOM determines the number of members and approves the appointment of one member to serve as Chair of the MTEB and another member to serve as Vice Chair. The Chair presides at all meetings of the MTEB.

V. Complaints Regarding Violations of Approved Course Provider Standards of Conduct and Rules of Conduct for Students

(a) SRR may consider any and all sources in order to make a determination that an investigation into the conduct of a covered person or organization may be warranted. It

may consider written complaints from ACPs, education users, MLOs, or other parties. SRR, at its discretion, may respond to and act upon inquiries or submissions other than complaints. In its sole discretion, it may follow up on the complaints, inquiries or submissions and initiate investigations, refer them to other parties, or determine that they do not warrant further action.

(b) Persons or organizations wishing to submit a complaint regarding a possible violation of the Course Providers Standards of Conduct should do so in writing by completing a complaint form and sending it via fax or email to:

fax: 202-296-1928

email: mtebinvestigations@csbs.org. Complaint forms submitted via email should be sent as .pdf files.

Access the complaint form here:

<http://mortgage.nationwidelicensingsystem.org/profreq/Documents/SOC%20ROC%20Complaint%20Form.pdf>

(c) Upon receipt and preliminary review of an incident or submission of a complaint involving the SOC, the Vice President of Mortgage Testing and Education Programs may determine that the incident or submission does not constitute a valid and actionable complaint that would justify initiating an investigation. If so, the Vice President may at his or her discretion dispose of the incident, complaint or submission. He or she will notify the complainant, if identified, that actions are or are not being taken. The Vice President shall also submit on a regular basis a report to SRR's President and General Counsel describing the status of incidents and complaints and their dispositions.

VI. Management of Incidents, Complaints and Initiation of Investigation

(a) For each incident or submission of a complaint involving an alleged violation of the Course Provider Standards of Conduct, SRR may initiate an investigation into the specific facts or circumstances to whatever extent is necessary in order to clarify, expand, or corroborate the information provided by the complainant or the incident reporter. The Vice President of Mortgage Testing and Education Programs shall serve as the primary investigator or assign one or more SRR or MTEB members to serve in that capacity. The primary investigator may be assisted in the investigation by other CSBS or SRR staff, members of the MTEB, legal counsel, or other resources as SRR may find necessary.

(b) SRR will notify, in writing, the covered person or organization about whom the submission or complaint has been made, that an incident regarding a violation of the SOC is being investigated. The covered person or organization whose conduct is at issue shall be given the opportunity to respond to the complaint or incident and provide information about the complaint or incident in a manner defined by SRR.

(c) Both the individual or organization submitting the complaint, if applicable, and the covered person or organization which is the subject of the investigation may be

contacted for additional information regarding the facts of the complaint. SRR may at its discretion contact other individuals who may have knowledge of the details and circumstances surrounding the complaint.

(d) All investigations and deliberations of SRR are conducted in confidence, and they are conducted objectively, without any indication of prejudice. An investigation may be directed toward any aspect of a complaint which is relevant or potentially relevant.

(e) SRR at its discretion may hold informal hearings.

(f) SRR at its discretion may notify any relevant state regulator regarding the nature of the investigation it is conducting.

VII. Determination of a Violation

(a) Upon completion of an investigation, SRR will determine that there has or has not been a violation of the Course Providers Standards of Conduct or of other substantive requirements of NMLS education requirements. If SRR makes a determination that there has been a violation of the Standards of Conduct, it may also include a sanction to apply to the person or organization which is found to have violated the Standards of Conduct.

(1) If SRR makes a determination that a violation has occurred, this determination and the imposition of a sanction are promulgated by written notice to the covered person or organization.

(2) SRR shall report on a regular basis to the MTEB the status of investigations and findings and SRR shall report to the SRR BOM all findings where violations have occurred.

VIII. Sanctions

(a) If SRR determines that a violation of the Course Provider Standards of Conduct has occurred, SRR will also determine the sanctions to be applied to the Approved Course Provider or, course provider applicant. In determining sanctions, SRR will take into consideration the nature and severity of the violation(s). Any of the following sanctions may be imposed on an Approved Course Provider or course provider applicant:

(1) Written reprimand that includes appropriate remedial action the ACP must follow; or

(2) Suspension of the ACP's approval to offer NMLS approved courses, including but not limited to select types of courses or course formats; or

(3) Withdrawal of the provider's NMLS Approved Course Provider status, temporarily, indefinitely or permanently, or denial of an organization's application to become an NMLS Approved Course Provider temporarily, indefinitely, or permanently; or

(4) Other actions SRR may find appropriate.

(b) At its discretion, SRR may publicize the determination and the sanction of any investigation. In cases where a course provider is suspended or withdrawn, or a course provider's NMLS approval status is suspended or withdrawn, summary information regarding the ACP's status may be posted on the NMLS Resource Center.

IX. Appeal

(a) Within thirty (30) days from receipt of notice of a determination by SRR that a covered person or organization has violated the Standards of Conduct or Rules of Conduct, the covered person or organization may submit a written request for appeal to the Chair of the MTEB which shall include reasons for the appeal.

(b) Upon receipt of a request for appeal, the Chair of the MTEB will establish an Appeal Committee consisting of a least three members, each of whom did not participate in the initial investigation. The Chair of the MTEB will name a member to chair each Appeal Committee. An Appeal Committee may review one or more appeals, upon request of the Chair.

Persons or organizations should send their request for an appeal via fax or email to:

fax: 202-296-1928

email: mtebinvestigations@csbs.org. Appeal requests submitted via email should be sent as .pdf files.

Access the appeal form here:

<http://mortgage.nationwidelicencingsystem.org/profreq/Documents/Appeal%20Request%20Form.pdf>

(c) The Appeal Committee may determine that a finding by SRR of a violation of the Course Provider Standards of Conduct or Rules of Conduct for Students was inappropriate only because of: (1) material errors of fact; or (2) failure of SRR to conform to published criteria, policies, or procedures. In determining whether there were material errors of fact, the Appeal Committee may consider information which was not available during the initial review. The Appeal Committee may either affirm or overrule the determination of SRR, and may modify any sanctions which may have been imposed as a result of that determination. The MTEB and Appeal Committee may consult SRR and CSBS legal counsel or external legal counsel.

(d) The Appeal Committee must conduct and complete the appeal within a reasonable amount of time not to exceed sixty [60] days from receipt of the request for an appeal, which has been satisfactorily submitted. Written appellate submissions and any reply submissions may be made by authorized representatives of the covered person or organization and of SRR or MTEB. Submissions are made according to whichever

schedule is reasonably established by the Appeal Committee. The decision of the Appeal Committee, including a statement of the reasons for the decision, is reported to the Chair of the MTEB who will make a report to SRR.

- (e) All reports where the Appeals Committee either overruled the determinations made by the IRC or modifies the sanctions will be reviewed by CSBS' General Counsel (GC). The GC would determine if the determinations overruled or sanctions modified met a "material" threshold. If the materiality threshold is met, the case will be forwarded to the SRR Board for review. SRR Board may, in its discretion, review these cases and accept, overrule, modify or otherwise revise the Appeal Committees' reports. The SRR Board's actions will be final. SRR Board will notify the GC of its actions and the GC will notify the MTEB and IRC, who will send the final determination to the subject of the investigation.
- (f) If no appeal is made within thirty [30] days of the suspension or sanction, the action will stand.