

Accreditation Standards - Bank, Mortgage, MSB
as of January 3, 2022

topic	standard	value
1-A-1. Mission Statement and Strategic Plan	STANDARD 1-A-1: The agency must have a mission statement and a strategic plan. The strategic plan should include long term strategies, be reviewed annually, and include measurable goals with assigned accountability. The agency must meet or be in process of meeting the desired goals stated in the plan.	5
1-A-2. Succession Planning and Organizational Chart	STANDARD 1-A-2: A succession plan for key employees, either formal or informal, should be developed for the agency. Cross training should be completed across the agency to prepare staff to advance into roles within the agency in the event of retirement or unexpected loss of staff.	3
1-B. Internal Communication	<p>STANDARD 1-B: The agency must have regular and timely communication to keep all staff informed of policy and procedure changes, job-related local and national news, and other critical information.</p> <p>Internal communication should include at least annual meetings in which management can communicate relevant topics, such as: The strategic plan of the agency, staff initiatives, trends in the industry, and other issues that are important to staff.</p> <p>The agency should use an effective process to give staff the ability to communicate important topics and input to senior staff.</p>	5
1-C. Communication with Other Regulatory Agencies	<p>Note: this standard is different for credit union.</p> <p>STANDARD 1-C</p> <p>Bank/Mortgage: The agency should demonstrate they have relationships with other states and federal regulators to promote cooperation on areas of common interest in financial regulation. This may include meetings with federal regulators, district meetings with other states, involvement on multi-state committees, or other similar activities.</p> <p>Credit Union: The agency should meet with NCUA at least annually, and other relevant federal regulators as necessary. The agency should meet periodically with other state regulators. The agency should have Memorandum of Understanding (MOUs) and/or Information Sharing Agreements with federal regulators such as NCUA and FinCEN and CFPB as applicable. The agency should have agreements with other states if there is interstate branching activity of a state credit union. Overall, the agency must have an established mechanism (and practice of) sharing important supervisory information and ideas with its fellow state and federal regulatory peers. NOTE: Compliance with signed agreements with federal regulators is covered under the Examination Section of the Questionnaire.</p>	5
1-D. Communication with Industry	STANDARD 1-D: The agency's senior personnel should attend meetings of all relevant associations in their state. Proposed legislation should be discussed with trade associations in the state to clarify issues. The agency should have appropriate communications to their regulated entities to keep them informed of changes in policy or legislation.	5
1-E. Consumer Education / Financial Literacy	STANDARD 1-E: The agency or its larger agency should provide (or participate in) consumer education/financial literacy training to consumers and have financial literacy information available to consumers on their website.	4

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1-F. Access to Legal Assistance	STANDARD 1-F: The agency must have an attorney on staff or a consistently assigned attorney, with appropriate expertise, from the Attorney General's Office to represent the agency if required by state law. The department should also have the ability to hire outside counsel when necessary.	5
1-G. Agency Physical Facilities	STANDARD 1-G: All agency offices must have either keyed or coded entry and meet the following qualifications: 1. Confidential files must be locked and access controlled. 2. There must be a procedure for maintaining control of confidential files and security when not in locked area, including files maintained at an off-site location. 3. Space should be adequate to accommodate examiners, as needed. 4. Agency ensures remote employees are aware of data retention and security policies.	3
1-H. Business Continuity Plan	STANDARD 1-H: The agency must have an up-to-date Business Continuity Plan that should be tested at least annually and address how the agency will resume operations in the event of a disaster to its offices or its data systems.	5
1-I. Technology Infrastructure and Cybersecurity	STANDARD 1-I: The agency's computer system must be adequate to provide the necessary tools for regulation of financial institutions and must be compatible with the programs necessary to perform examinations. Written policies on information technology (IT) must be adopted and include the following: 1. Computers should be replaced at least every three years unless justified for longer period. 2. Computer systems must have adequate firewalls, virus protection, and intrusion detection. 3. Secure transmission and receipt of data. 4. Adequate procedures for monitoring, detecting, and responding to cybersecurity threats. 5. Annual cybersecurity training and reporting procedures, including periodic phishing tests for agency employees.	16
1-J. Budget Revenue Source / Contingency Plan	STANDARD 1-J: The regulatory agency must be self-supporting with income generated from the regulatory program and not reliant on outside revenue sources. Agency must have a contingency plan (separate fund, cash balance or proven ability to increase revenue) to cover at least three months' worth of expenses.	12
1-K. Budget Expenses / Supplemental Budgets	STANDARD 1-K: Input into budget process must include all individuals who will be responsible for monetary controls of portions of the budget. Budget versus actual expenses must be reviewed monthly and reported to senior management. The agency must have sufficient funds to operate and to examine all regulated entities in poor economic times, as well as during times of good economy, including the ability to hire additional examiners, if necessary.	12
2-A. Personnel Policies	STANDARD 2-A: The agency must have approved personnel policies. The policies should be reviewed at least annually and should include department specific procedures regarding hours, travel, per diem, etc. The policies must be available to all employees either in hard copy or electronically in a central location and should be reviewed with employees periodically, as needed.	5
2-B. Job Descriptions	STANDARD 2-B: All positions must have job descriptions which describe current duties performed and should be reviewed at least annually or upon posting or vacancy.	5

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2-C. Hiring Policies	STANDARD 2-C: Although most states have an agency which provides hiring and recruiting duties for the entire state government, supervisors from the agency must be included in the selection process. An immediate supervisor must participate in the hiring interview for individuals whom they will directly supervise and have acceptable training in conducting hiring interviews. The hiring agency should have the ability to recruit through optional sources, such as college job fairs and online sources.	5
2-D. Promotional Opportunities / Pay for Performance	STANDARD 2-D: In order to provide an examiner career path with adequate advancement opportunity, the agency must have at least three levels of field mortgage examination staff and at least four levels of field bank and/or credit union examination staff with three of those levels not limited in the number of positions. In agencies where incentive compensation is available, funds should be sufficient to pay increases to examiners. In agencies where the career path is limited because of the size of staff, efforts should be made to develop specialized experts, thereby expanding the career path professionally if not vertically.	5
2-E. Performance Appraisal Process	STANDARD 2-E: Performance appraisals must be conducted and communicated to the employee at least annually. Goals should be set each year in coordination between employees and their supervisors.	5
2-F. Adequacy of Salaries and Benefits	STANDARD 2-F: The agency's salary and benefits for supervision & examination staff must be adequate to hire and retain well-qualified employees. Periodic compensation studies should be conducted to ensure that employee compensation remains competitive with other states and federal regulators.	10
2-G. Training Coordination/Evaluation	STANDARD 2-G: The responsibility for oversight of formal training should be assigned to a designated individual or group of individuals who maintains a database or records of training per examiner. The effectiveness of formal training should be documented by the participant within a set timeframe following attendance at non-core or new classes for internal use within the agency.	5
2-H. Policy on Examiner Training	STANDARD 2-H: The agency must have a written training policy as follows: <ol style="list-style-type: none"> 1. The policy must include a listing of core classes for each level and type of examiner. 2. The policy must include support for an examiner to achieve and maintain a defined career path. 3. The policy must be reviewed annually. 4. The policy must allow examiners the ability to request training that will be subject to a supervisor's approval, budgetary constraints and course availability. 5. The training goal must be for each examiner to have a minimum of 21 hours of industry-specific continuing education hours for CSBS (bank, mortgage, MSB) and 28 hours of industry-specific continuing education annually for NASCUS (credit union). 	5

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2-I. Training Procedures and On-the-Job Training	<p>STANDARD 2-I: The agency must have an approved training manual(s) and/or procedures for bank, credit union, and mortgage, and MSB supervision, including On-The-Job training procedures. Federal manuals may be used; however, the agency must have 'state specific' examination procedures, as applicable.</p> <ol style="list-style-type: none"> 1. The manual(s) or procedures should include a listing of duties to be performed by the trainee with recommended timeframes and a listing of reading material for reference by topic. 2. The banking and credit union manual(s) or procedures must address the following areas: operations, credit, and EIC along with specialty areas as applicable. 3. The mortgage and MSB manual or procedures must include the following areas: financial condition, management, compliance, consumer protection. 4. OJT procedures should include the use of a coach(es) for examiners as they are assigned to new areas of training. 5. Written evaluation of a trainee should be performed at the conclusion of each job while in training status. Use of a training checklist ensures that the trainee has become proficient in all areas and provides consistency in training new hires and newly promoted examiners. 	10
2-J. Exit Meeting Training	<p>STANDARD 2-J: The agency must provide training for conducting exit and board meetings with management. This may take the form of outside schools or internal training including audio and/or visual presentations. Training should also include attendance at such meetings and presentation of various portions of the examination findings prior to taking the lead in conducting the exit or board meeting.</p>	5
2-K. Support of External Academic Training	<p>STANDARD 2-K: The agency must have a policy on advanced/academic training which reimburses tuition and/or allows flexibility of time to attend job-related classes. Such training includes full-time college classes, graduate banking/trust schools, and/or advanced mortgage training.</p>	5
2-L. Adequacy of Training Funds	<p>STANDARD 2-L: All examiners must receive 21 hours of industry-specific continuing education per year for CSBS and 28 hours of industry-specific continuing education per year for NASCUS, or training expenditures should be at least 2% of total program or agency expenditures.</p>	15
3-A. Examination Frequency Policy/Ability to Meet Policy	<p>STANDARD 3-A: The agency written policy on examinations must state that each state-chartered bank should be examined at least every 18 months for '1' and '2' composite rated banks and minimum of 12 months for all others with visits as necessary for both safety and soundness and specialty examinations. The agency must conduct some form of exit meeting at each examination and require a Board meeting for all '3', '4', and '5' rated institutions.</p>	40
3-B. Agreements with Federal Regulators	<p>STANDARD 3-B: The agency must have signed examination agreements with their Federal counterparts and comply with said agreements. The agency examiners must be the alternating Lead examiner and processor on joint examinations with Federal agencies. Any exceptions to the agreement should be documented and assessed on a case-by-case basis.</p>	10
3-C. Interstate Banking Policy/Procedures	<p>STANDARD 3-C: The agency must have signed all applicable agreements and developed written procedures for compliance with the agreements. The agency must have a written policy on interstate examination covering state compliance issues, use of host state examiners, billing/assessment procedures, and internal communication with other state agencies including a current listing of interstate contacts. Additionally, the agency must have the authority to travel out-of-state and/or contract with other agencies to examine home state banks.</p>	10

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3-D. Examination Manuals	STANDARD 3-D: The agency must have examination manuals that are reviewed at least annually addressing policies and procedures for safety and soundness examinations and specialty examinations as applicable. These manuals may be a duplicate of proprietary or federal training manuals but must also address state specific areas.	20
3-E. Examination Procedures/Preplanning	STANDARD 3-E: The agency must have established procedures for organizing safety and soundness and specialty examinations including coordination with Federal agencies as necessary. Internal procedures must provide at least one-month notice to the assigned examiner-in-charge for scheduling purposes in order to provide lead time to do pre-planning and scoping memos.	10
3-F. Review and Transmittal of Report	STANDARD 3-F: Report turnaround time on safety and soundness and specialty independent examinations for 1 or 2 rated institutions should average no more than 30 calendar days from the time that the EIC holds the exit meeting with management until the report transmittal date. The report turnaround time should be no more than 60 calendar days on independent examinations of 3, 4, or 5 rated institutions.	10
3-G. Working Paper Preparation and Review	STANDARD 3-G: Working papers should be prepared in a format acceptable to all regulatory agencies in order to facilitate the sharing of information. An acceptable written procedure for review of working papers should be adopted and adhered to following each examination and interim visitation. A periodic and documented independent review of a sampling of working papers must be performed by someone independent of each examination. The working paper review should be performed on at least an annual basis by qualified staff, and include a minimum of 10% of examinations conducted during the year.	10
4-A. Ability to Examine and Rate - Bank Assessment of CAMELS	STANDARD 4-A: The agency must have adequate examination procedures and a sufficient number of trained examiners to rate the banks' risk in Capital, Assets, Management, Earnings, Liquidity and Sensitivity to Market Rates and to provide effective corrective procedures. The agency must demonstrate the ability to perform independent examinations or alternating the lead on joint examinations based on acceptable examination frequency policy (acceptable frequency policy is defined in Standard 3-A). To demonstrate the ability to be the lead agency, the agency should provide sufficient number of trained staff on joint and concurrent examinations.	40
4-B. Ability to Examine and Rate - Trust (companies and departments)	STANDARD 4-B: The agency must have adequate examination procedures and a sufficient number of trained examiners to rate the risks associated with the trust department of a financial institution or the risks involved in all areas of an independent trust company.	20
4-C. Ability to Examine and Rate - IT Examination and Cybersecurity	STANDARD 4-C: The agency must have adequate examination procedures and a sufficient number of trained examiners to rate the risk associated with information technology within a financial institution, including an adequate assessment of cybersecurity.	20
4-D. Ability to Examine and Rate - Large Bank Supervision	STANDARD 4-D: The agency must have adequate examination procedures and a sufficient number of trained staff to examine banks over \$10B in assets. (this area may be rated not applicable)	15
4-E. Ability to Examine and Rate - International Banking	STANDARD 4-E: The agency must have adequate examination procedures and a sufficient number of examiners to examine the international departments or Foreign Banking Organizations (FBOs) under their purview. (This area may be rated not applicable.)	15
4-F. Ability to Examine and Rate - Capital Markets	STANDARD 4-F: The agency must have adequate examination procedures and a sufficient number of trained examiners to rate the risks associated with capital markets in relation to the number of banks with complex sophisticated capital markets activity.	10

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4-G. Ability to Examine and Rate - Bank Holding Companies	STANDARD 4-G: The agency must have adequate procedures and adequate staff to review/inspect bank and financial holding companies.	10
4-H. Ability to Examine and Rate - Technology Service Providers (TSPs)	STANDARD 4-H: The agency should: 1) participate in the examination of technology service providers (TSPs) headquartered in its state, and 2) receive and review examination reports from other regulatory agencies on TSPs doing business with their supervised institutions.	10
4-I. Ability to Examine and Rate - Compliance with Laws and Regulations	STANDARD 4-I: The agency must have adequate examination procedures and sufficient staff to review for compliance in all state laws plus BSA, OFAC, Regulation O, and 23A and B, at a minimum.	10
4-J. Ability to Examine and Rate - Consumer Compliance	STANDARD 4-J: The agency should: 1) perform consumer compliance examinations or documented involvement in the consumer compliance process, 2) receive and review consumer compliance reports from other regulatory agencies and 3) have a process for tracking and resolution of consumer complaints against a financial institution.	10
4-K. Problem Identification/Migration Analysis	STANDARD 4-K: The agency must perform a macro migration analysis at least every six months or a written analysis following each examination of a new problem institution.	10
4-L. Follow-up/Correction of Problems	STANDARD 4-L: Financial institutions should respond within a maximum of 45 calendar days after receipt of the report of examination and a transmittal letter. Individuals should be assigned to track and review responses. Notation of reviews should be made and retained in files. The EIC should be made aware of the response from the problem institution.	20
5-A. Surveillance System	STANDARD 5-A: The agency must have a written surveillance program to monitor all banks and non-depository trust companies under the purview of the agency, with approved parameters set internally for variance and exceptions. Reviews should be performed on all institutions at least quarterly. Off-site surveillance should be utilized to recognize issues on non-problem institutions before they become major problems that might affect the safety and soundness of the institution.	20
5-B. Communication of Findings of Surveillance System	STANDARD 5-B: Computer generated reports and documentation of surveillance reviews on all financial institutions should be maintained. When problems are noted, procedures should be established for assigned responsibility of written and/or oral communication with the financial institution, other regulators, and office/field personnel with appropriate documentation. This information should be available for review by the appropriate office and field personnel including the assigned Examiner-in-Charge.	10
5-C. Applications	STANDARD 5-C: If not prescribed by state law, the agency should establish written timeframes and procedures for processing and tracking applications. The agency should meet the timeframes established with any exceptions noted and approved by the appropriate persons or committees. State must have expedited procedures for appropriate activities and utilize interagency applications where applicable. State must have decision making powers for all applications listed above.	15

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5-D. Adequacy of Statutory Enforcement Authority	<p>STANDARD 5-D: The agency must have the following statutory enforcement powers over both banks and holding companies:</p> <ol style="list-style-type: none"> 1.The agency must have the ability to issue Cease and Desist Orders including emergency C&D's. 2.The agency must have the authority to remove officers, directors and employees; and to prohibit such individuals from serving in any capacity in any other trust company, bank, or bank affiliate that the agency regulates. 3.The agency must have the ability to assess civil money penalties (CMP's) sufficient to deter violations of laws and regulations and violations of orders or agreements. CMP's should be per violation per day. 	15
5-E. Policy for and Use of Enforcement Authority	STANDARD 5-E: The agency should have a written policy or written procedures that require some type of action for problem institutions. If a '3', '4', or '5' composite rated institution does not have a written enforcement action in compliance with the policy, the file should contain written reasons for the exception approved by senior management.	15
5-F. Frequency of Banking Code Review/Revision	STANDARD 5-F: The agency must have a process in place to ensure the statutes governing bank regulation remain up to date and sufficient to address current regulatory concerns. If the agency determines an update is necessary, it should have the capability to seek and obtain necessary changes via the legislative process.	5
5-G. Involvement in State Legislative Process	STANDARD 5-G: The agency should have input into any proposed legislation regarding areas under their purview with adequate opportunity to defend the proposals before the legislature.	10
5-H. Involvement in Federal Legislative Process	<p>STANDARD 5-H: The agency must have participated in at least one of the following areas on an annual basis:</p> <ul style="list-style-type: none"> Legislative/regulatory committees Testifying before congress Communication/visits with Federal congress/senate members 	5
5-I. Promulgation of Rules and Regulations	STANDARD 5-I: Procedures for promulgation of agency rules and regulations must follow the administrative procedures act as prescribed by state law unless the agency is specifically exempt from such an act. 'Emergency procedures' must be provided.	5
6-A. Entrance Examination Policy	STANDARD 6-A: The agency's written policy on examination frequency must require an examination of the mortgage licensee within 18 months of being granted a license or beginning business in the state. The timeliness and depth of the review must be a result of a formal analysis of the mortgage entity's Mortgage Call Report (MCR), ratio analysis, complaints and other analytics which may be available to the agency. The agency must demonstrate the ability to meet the policy.	20
6-B. Examination Frequency Policy	<p>STANDARD 6-B: The agency written policy on examination frequency must state that each licensed mortgage licensee (lender, broker, servicer) conducting business in that state be examined at least every 60 months or on a more frequent risk basis dependent on off-site monitoring (complaints, prior enforcement actions, ratings, etc.) The agency must have the ability to meet their examination frequency policy.</p> <p>The examination policy should include a rating system that identifies the level of risk associated with each licensee and allows for better prioritization of examinations.</p>	40

6-C. Examination Policy on Risk Scoping	<p>STANDARD 6-C: The agency must have a policy in place to ensure examinations include an appropriate scope of the examination based on the risk of the licensee.</p> <p>An examination can include any of the following, based on the risk of the entity: on-site examinations off-site examinations (desk review) limited scope (risk-based) examinations examinations based on analytical software acceptance of examinations by other states, acceptance of multi-state, MMC or CFPB examination</p> <p>At a minimum, examinations must include a limited review of loan files, with the sample of loan files determined by loan volume and other risk factors. Agencies must have an appropriate policy to perform risk-based reviews of licensees that are low or no volume. This review should include an analysis of data from the Mortgage Call Report.</p>	20
6-D. Information Sharing Agreements w/ Other Regulatory Agencies	<p>STANDARD 6-D: The agency must have signed all applicable agreements and developed means for assurance of compliance with the protocols.</p> <p>The agency should have a policy on how it accepts examinations from other states, the CFPB, or multi-state examinations, and the policy should include a review of the licensee's compliance with state-specific statutes and regulations.</p>	10
6-E. Ability to Participate in Multi-State Examinations	<p>STANDARD 6-E: The agency must have the ability to participate in the Multi-State Mortgage Committee examinations and accept those reports of examination in lieu of an independent agency report. Additionally, the agency should have the ability to travel out-of-state and participate as the EIC in multi-state examinations.</p>	20
6-F. Examination Manuals	<p>STANDARD 6-F: The agency must have examination manuals addressing policies and procedures for all types of examinations. These manuals may incorporate or be a duplicate of written training procedures, and should include (but not limited to):</p> <ul style="list-style-type: none"> - Procedures for pre-planning - Exam scoping procedures - Communication with licensees - Loan review sampling - Exam rating procedures - Exit meetings with management - Report writing procedures - Procedures for recommending/forwarding to enforcement - Compliance with applicable state laws 	20

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6-G. Review and Transmittal of Report	<p>STANDARD 6-G: Report turnaround time on examinations of non-problem licensees must average no more than 30 calendar days from the time that the EIC holds the exit meeting with management until the report is transmitted to the mortgage licensee. On problem providers, the average report turnaround time must be no more than 60 calendar days.</p> <p>The agency must have a policy to conduct exit meetings with management at the conclusion of every examination. Exit meetings can be conducted remotely or in-person.</p>	10
6-H. Working Paper Preparation and Review	<p>STANDARD 6-H: A procedure for reviewing working papers must be adopted and adhered to by the agency. Working papers should include: overview of files reviewed, documentation of supporting violations, sample disclosure documents, review of licensee's written policies and procedures.</p>	10
6-I. Ability to Examine Mortgage Licensees	<p>STANDARD 6-I: The agency must have adequate staff that has the capability and training to effectively examine mortgage lenders, brokers, and servicers consistent with the agency's policies, procedures, and work programs.</p>	30
6-J. Origination Examination Program	<p>STANDARD 6-J: The agency must have an adequate program for examining its residential mortgage lenders and brokers. At a minimum, the work program should include a review of the following components:</p> <ul style="list-style-type: none"> - Financial condition - Management - Regulatory Compliance - Consumer Protection 	40
6-K. Servicing Examination Program	<p>STANDARD 6-K: If the agency has the authority to examine mortgage servicers, the agency must have an adequate program for examining mortgage servicers.</p>	20
6-L. Report of Examination	<p>STANDARD 6-L: The agency must produce consistent reports of examination for its mortgage licensees, which must adequately address the scope of the examination, the violations and deficiencies of the licensee, and the action items required of the licensee.</p>	20
6-M. Follow-up/Correction of Problems	<p>STANDARD 6-M: Licensees must respond within 45 calendar days after receipt of the report of examination and/or a transmittal letter. Individuals must be assigned to track and review responses. Notation of reviews must be made and retained in files. The EIC must be made aware of the entity's response as necessary.</p>	30
7-A. Complaint Resolution System	<p>STANDARD 7-A: The agency must have written policies and procedures in place to process consumer complaints. Sufficient staff must be trained in the correct procedures for handling of complaints to meet the timeframes within the policy. The agency must have a mechanism to triage the complaints in order to prioritize or risk rate the complaints to ensure serious issues, e.g. foreclosures, are handled within a shorter period of time. The policy must address the following items at a minimum:</p> <ol style="list-style-type: none"> 1. A tracking system for contacts with the licensee, types of complaints, investigation of complaints and response to the complainant or referral to the appropriate agency if not within this agency's jurisdiction. 2. Initial action on consumer complaints within 15 days or referral to another agency within 20 days if necessary. Exceptions should be justified. 3. Procedures for internal sharing of information within the agency to ascertain if an examination should be scheduled based on the number and severity of the complaints against an individual licensee. 	20

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7-B. Licensing/Renewal Process	<p>STANDARD 7-B: The agency must have adequate, trained staff dedicated to processing all applications and renewals. Applications should be turned around and decisions made according to statute or within 60 days. Written procedures should be adopted to address adequate processing of applications and renewals. All application requirements should at a minimum adhere to the SAFE Act requirements, as applicable. The agency must also track applications and renewals for timely processing. The applications, at a minimum, should address the following:</p> <ul style="list-style-type: none"> Criminal records history on controlling individuals Regulatory action disclosure Business plans Financial performance Business Entity Structure 	15
7-C. Authority to Examine Mortgage Servicers	STANDARD 7-C: The agency must have the statutory authority to examine mortgage servicers.	10
7-D. Enforcement Authority	<p>STANDARD 7-D: The agency must have a statutory authority and an Enforcement Policy that addresses the following statutory enforcement powers over mortgage entities:</p> <ol style="list-style-type: none"> 1.The ability to issue Cease and Desist Orders including emergency/temporary C&D's, 2.The ability to condition, suspend and revoke licenses, 3.The ability to issue other forms of agreement and consent orders, 4.The ability to issue fines sufficient to deter violations of laws and regulations and/or violations of orders or agreements, 5.The ability to issue investigative subpoenas, 6.The ability to issue intent to deny licenses, and 7.The ability to deny a license or renewal of a license. <p>The policy should also address timeframes for finalizing enforcement actions with approved exceptions for noncompliance. The agency should, at a minimum, post all public enforcement actions to NMLS.</p>	15
7-E. Use of Enforcement Authority	STANDARD 7-E: The agency takes appropriate action for problem licensees based on their statutory authority and written policy. If a problem licensee does not have a written action in compliance with the policy, the file should contain written reasons for exception approved by senior management.	15
7-F. Ability to Investigate Financial Abuse and Fraud	STANDARD 7-F: The agency must have sufficient staff to conduct investigations. The agency should have sufficient resources to provide legal support to staff, as necessary	10
7-G. Adequacy of Mortgage Code Review/Revision	STANDARD 7-G: The agency must have a process in place to ensure the statutes governing mortgage regulation remain up to date and sufficient to address current regulatory concerns. If the Agency determines an update is necessary, it should have the capability to seek and obtain necessary changes via the legislative process.	5
7-H. Involvement in State Legislative Process	STANDARD 7-H: The agency should have input into any proposed legislation regarding areas under their purview with adequate opportunity to testify regarding the proposals before the legislature.	10

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7-I. Involvement in Federal Legislative Process	<p>STANDARD 7-I: The agency must have participated in at least one of the following areas on an annual basis: Legislative/regulatory committees Testifying before Congress Communication/visits with Federal Congress/Senate members</p>	5
7-J. Promulgation of Rules and Regulations	<p>STANDARD 7-J: Procedures for promulgation of agency rules and regulations must follow the administrative procedures act as prescribed by state law unless the agency is specifically exempt from such an act. 'Emergency procedures' must be provided.</p>	5
12-A. Examination Frequency Policy	<p>STANDARD 12-A: The agency's written policy on examination frequency must state that each MSB licensee conducting business in that state be examined at least every 60 months. The agency must have the ability to meet their examination frequency policy with the use of their own examinations or acceptance of other examination reports. The examination frequency policy should also include a rating system that identifies the level of risk associated with each licensee and allows for better prioritization of examinations.</p> <p>Agencies should have a policy to conduct an on-site or off-site examination of licensees within 24 months of being granted a license or beginning business in the state. Alternatively, the agency can accept another state's report of examination that is no older than 24 months old. Thereafter, the agency should consider the risk of the licensee when scheduling the next examination.</p>	40
12-B. Risk Scoping Policy	<p>STANDARD 12-B: The agency must have a written policy and procedures to ensure examinations include an appropriate scope based on the licensee's risk or volume of activity.</p> <p>This policy should include how the agency determines: -on-site vs. off-site examinations -limited-scope vs. full-scope examinations</p> <p>The policy should include performing risk-based reviews of licensees that have low or no volume. This review should include an analysis of data from the MSB Call Report or other analytics or information available to the agency.</p>	25
12-C. Sharing and Accepting Reports	<p>STANDARD 12-C: The agency must have signed all applicable multi-state examination agreements and have developed a means for ensuring compliance with the protocols in the agreements.</p> <p>The agency must have a written policy and demonstrated ability to request from, and provide to, examination reports from and to other states. In reviewing other state's examinations, the policy should address how the accepting agency will ensure the licensee's compliance with their (accepting) state-specific statutes and regulations.</p>	35
12-D. Participation in Multi-State Exams	<p>STANDARD 12-D: The agency must have the ability to travel out-of-state, demonstrate the ability to participate in multi-state MSB examinations, and perform most of the components of the MTRA exam work program. Additionally, the agency should have the ability to lead multi-state examinations as an Examiner-in-Charge (EIC).</p>	35

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	<p>STANDARD 12-E: The agency must have examination manuals addressing policies and procedures for all types of examinations (i.e., full scope, limited scope, on-site, off-site). These procedures for an examination may be a duplicate of written training procedures, but should include (and not be limited to):</p> <ul style="list-style-type: none"> - Procedures for pre-planning - Exam scoping procedures - Communication with licensees - Transaction analysis - Exam rating procedures - Exit meetings with management - Report writing procedures - Procedures for recommending/forwarding to enforcement - Compliance with applicable state laws 	
12-E. Examination Manuals	Note: Use the MTRA Examination Manual as an alternative to creating these procedures in-house.	20
	<p>STANDARD 12-F: Report turnaround times on independent or single-state examinations of non-problem licensees should average no more than 30 calendar days from the time that the EIC holds the exit meeting with management until the report is transmitted to the MSB licensee. On problem licensees or multi-state examinations when acting as the lead state, the average report turnaround time should be no more than 60 calendar days.</p> <p>The agency's examination policy must include procedures to conduct exit meetings with management at the conclusion of every examination. Exit meetings can be conducted remotely or in-person.</p>	
12-F. Review and Transmittal of Report		15
	STANDARD 12-G: The agency must have a policy for managing and retaining working papers. Working papers should include the completed work program and supporting documentation of violations.	
12-G. Working Paper Retention		15
	STANDARD 12-H: The agency must have adequate staff with the training and capability to effectively examine MSBs consistent with the agency's policies, procedures, and work programs.	
12-H. Staffing Capabilities		30

12-I. MSB Examination Work Program	<p>STANDARD 12-I: The agency must use the MTRA examination work program and develop a module for state-specific compliance, if needed. Alternatively, the agency may develop a comparable work program.</p> <p>At a minimum, the comparable work program must include the following components:</p> <ul style="list-style-type: none"> - Financial condition - Management - Federal Compliance - State-Specific Compliance <p>The following additional components must be included in a comparable work program, as applicable, based on the licensee's risk profile:</p> <ul style="list-style-type: none"> - Agent Supervision - Prepaid Access - Information Technology / Information Security - Virtual Currency - Foreign Currency 	40
12-J. Report of Examination	<p>STANDARD 12-J: The agency must produce a consistent report of examination. The report of examination should include the following sections:</p> <ul style="list-style-type: none"> - Examination Scope and Procedures - Company Profile - Management Controls and Operations - Financial Condition - Regulatory Compliance - Federal Examination Findings - State Examination Findings - Other Findings / Other Matters - Examination Rating - Exit Meeting with Management - List of Enforcement Actions Taken During the Review Period <p>When requested, the agency should provide their report of examination to other states in a timely manner, consistent with any multi-state agreement.</p>	35
12-K. Follow-up Correction of Problems	<p>STANDARD 12-K: When a report of examination requires a response from the licensee, the agency should require a response within 45 calendar days after the licensee receives the report of examination or transmittal letter. The agency should have a procedure to track, review, and document responses. The agency should follow-up with the licensee if the licensee is unresponsive. The EIC for the examination should be notified of the licensee's response, as necessary.</p>	20

13-A. Complaint Resolution System	<p>STANDARD 13-A: The agency must have written policies and procedures in place to process consumer complaints. Sufficient staff must be trained in the correct procedures for handling complaints to meet the timeframes within the policy. The agency must have a procedure to triage the complaints to prioritize or risk rate the complaints to ensure serious issues, i.e., non-delivery of funds, are handled within a shorter period of time.</p> <p>The policy or its procedures must address, at a minimum, the following:</p> <ul style="list-style-type: none"> - A tracking system for contacts with the licensee, types of complaints, investigation of complaints, and response to the complainant or referral to the appropriate agency if not within the agency's jurisdiction. - Initial action on consumer complaints within 15 days of receipt of the complaint. Exceptions should be justified. - Referral to another agency, if applicable, within 20 days. Exceptions should be justified. - Internal communications to share information to ascertain if an examination should be scheduled based on the number and severity of complaints against a licensee. 	25
13-B. Licensing/Renewal Process	<p>STANDARD 13-B: The agency must have adequate, trained staff to process all MSB company license applications. The agency must use NMLS for processing its MSB license applications.</p> <p>The agency must track applications and renewals received for timely processing. License applications must contain, at a minimum, complete information on the following:</p> <ul style="list-style-type: none"> •Cybersecurity plan •Business plan •Background checks for key employees and board members •IT systems •Anti-money laundering policy in compliance with the federal Bank Secrecy Act (BSA) •Financial condition <p>Licensing decisions on applications should comply with state statute or agency policy. The agency should have written procedures to address adequate and timely processing of license applications. The agency should participate in the Multi-state MSB Licensing Agreement.</p>	35
13-C. Off-Site Monitoring Program	<p>STANDARD 13-C: The agency must have an off-site monitoring procedure to monitor all MSB in the agency's jurisdiction. Off-site reviews should be performed on MSBs at least quarterly using data from the MSBCR, or other analytics and information available to the agency. Off-site monitoring should be to identify licensee risk.</p>	15
13-D. Enforcement Authority	<p>STANDARD 13-D: The agency must have statutory authority and a written enforcement policy to take the following actions over money services business entities:</p> <ul style="list-style-type: none"> - Issue Cease and Desist Orders (including emergency C&D's) - Condition, suspend, and revoke licenses - Issue other forms of agreements and consent orders - Issue fines sufficient to deter violations - Issue investigative subpoenas - Issue license application or license renewal denial. 	35

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13-E. Ability to Investigate	STANDARD 13-E: The agency must have a process in place to conduct investigations. The agency should have sufficient staff to conduct the investigations and resources to provide legal support to staff, as necessary.	25
13-F. Frequency of Code Review / Revision	STANDARD 13-F: The agency must have a process in place to ensure the statutes governing money services business regulation remain up to date to address the current regulatory environment. If the Agency determines changes are necessary, it should have the capability to seek necessary changes through the legislative process.	20
13-G. Involvement in State Legislative Process	STANDARD 13-G: The agency should have input into any proposed legislation regarding areas under their purview with adequate opportunity to testify regarding the proposals before the legislature.	15