



NMLS Ombudsman Meeting
The Roosevelt Hotel, New Orleans, LA
Waldorf Astoria Ballroom
9:00 am – 12:00 pm (CT)
August 4, 2015

Agenda:

1. Robert Niemi, NMLS Ombudsman
Deputy Superintendent for Consumer Finance, Ohio Division of Financial Institutions
 - Ombudsman Update and issue review
2. Updates and Discussion on NMLS Working Group Activities:
 - NMLS Uniform Licensing Forms
 - Keisha Whitehall Wolfe, Acting Deputy Commissioner, Maryland Office of Financial Regulation
 - Review of proposed changes to forms; open comment period
 - Mortgage Call Report
 - Rich Cortes, Principal Financial Examiner, Connecticut Dept. of Banking
 - Review of proposed changes to MCR; open comment period
 - State License Checklists
 - Sam Wolling, Vice President, Prospect Mortgage
 - Review of Checklist Working Group Initiatives
 - Document Upload
 - Keisha Whitehall Wolfe, Acting Deputy Commissioner, Maryland Office of Financial Regulation
 - Review of Document Upload Working Group Initiatives

3. Amy Greenwood-Field, Senior Attorney, Bradley Arant Boult Cummings LLC
 - Change of Control Workflow Procedures
 - Reflecting ACN Approvals in NMLS
4. Scott Nowak, State Government Affairs Specialist, Mortgage Bankers Association
 - State Advertising Disclosures and NMLS Consumer Access
 - Uniform Treatment of Adjudicated Maters in NMLS Consumer Access
5. Rebecca Warfel, Corporate Licensing Specialist, Indecomm Holdings, Inc.
 - State Licensing Requirements for HARP Loans
6. Costas Avrakotos, Partner, K&L Gates
 - Bond Riders for Conversions
7. J. Terry Ryan, President, Multi Financial Services, Co, Inc. & Trakker Loan Servicing Software
 - Proposed Standards for Non-Bank Mortgage Servicers
8. Open Q&A



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I. SUMMARY OF NMLS OMBUDSMAN ISSUES

The NMLS Ombudsman received 52 unique emails between February 5, 2015 and July 23, 2015. The Ombudsman reviews all submissions and either responds directly or refers the question to SRR staff. Many of the questions are answered by referring the individual to: (1) a specific state regulator; (2) the NMLS Call Center; (3) the NMLS Resource Center; or (4) the appropriate federal regulator/CFPB.

Sample issues that are received in the Ombudsman mailbox included:

- Suggestion to allow companies to provide different Advance Change Notice effective dates for a certain event to comply with varying state requirements
- Recommendation to display in header of each NMLS page once logged in, the entity's name to assist users with multiple accounts
- General licensing renewal inquiries
- Appropriate way to update corporate structure of entity within NMLS
- Credit Report request process for non-US residents
- General System enhancement and usability proposals
- Licensed mortgage companies' use of small internet display ads
- Disclosure question clarification and guidance on proper disclosure
- Mortgage Call Report - Suggested filed additions and clarification requests
- Inquiries into licensing delays
- SAFE MLO Test – Testing requirements; the SAFE Act mandated waiting period in between failed attempts; refund requests

II. OMBUDSMAN MEETINGS/OUTREACH

In addition to the two public annual meetings at the NMLS Annual Conference and AARMR, the Ombudsman attends annual meetings of state regulatory groups such as MTRA and NACCA and also speaks at mortgage industry conferences.



Request for Public Comments

Proposed Changes to Uniform NMLS Licensing Forms and Mortgage Call Report

July 21, 2015

On behalf of the state regulatory agencies participating in NMLS,¹ the State Regulatory Registry LLC² (SRR) invites public comments on:

1. The proposed changes to the uniform NMLS Company, Branch, and Individual Licensing Forms ("Forms") developed by state regulators and used by all states through NMLS; and
2. The proposed changes to the NMLS Mortgage Call Report (MCR).

Goals of the Uniform NMLS Licensing Forms and the NMLS Mortgage Call Report

The Forms create a national standard of information collection for company, branch, and individual licensure agreed to by all NMLS participating state agencies. The Forms are intended to provide state regulators with sufficient information to make a decision to approve a new license, continue a license authority, or approve a license renewal request, while at the same time driving greater transparency and uniformity across NMLS participating regulatory jurisdictions.

The NMLS Mortgage Call Report provides timely, comprehensive, and uniform information concerning the financial condition of licensed mortgage companies, their mortgage loan activities, and the production information of their mortgage loan originators. This information enhances a state regulator's ability to effectively supervise licensees, determine examination schedules, monitor compliance with state law and requirements of Title V of P.L. 110-289, the *Secure and Fair Enforcement for Mortgage Licensing Act of 2008* ("SAFE Act")³, and accurately calculate assessments when applicable.

A goal of both the Forms and the NMLS Mortgage Call Report is that, over time, they include all necessary information required by regulators such that requirements do not need to be submitted and tracked outside NMLS.

Background

On May 1, 2015 SRR solicited public comments on the [Uniform NMLS Licensing Forms and Mortgage Call Report](#). The comment period ended on June 1, 2015 and all public comments were posted on the [NMLS Resource Center](#).

The Forms Working Group and Mortgage Call Report Working Group (Addendum A), comprised of state regulators, reviewed the public comments received and made recommendations to the NMLS Policy Committee (NMLSPC)⁴ for adoption.

¹ Information about NMLS can be found at <http://mortgage.nationwidelicensingsystem.org/Pages/default.aspx>

² Information about the State Regulatory Registry LLC can be found at <http://www.csbs.org/srr/Pages/default.aspx>

³ The full text of the SAFE Act can be found at <http://mortgage.nationwidelicensingsystem.org/SAFE/NMLS%20Document%20Library/SAFE-Act.pdf>

⁴ To assist it in making decisions and handling operational matters, the SRR Board of Managers created the NMLS Policy Committee (NMLSPC) which is comprised of 11 state regulators. The NMLS Policy Committee provides SRR a mechanism to make policy decisions for NMLS with regards to its impact on meeting state licensing regulations. Decisions are made after considering input from NMLS Participating State Agencies, licensees and industry. The roster of the NMLSPC can be found at

During the initial comment period, SRR indicated that proposed changes would be put out for a 30-day comment period prior to finalization by the NMLS Policy Committee. SRR expects some changes to the NMLS Licensing Forms and the NMLS Mortgage Call Report to be implemented in the second quarter of 2016 with more substantive changes to be integrated in 2017.

Request for Public Comments

On behalf of the state regulatory agencies using NMLS, SRR is seeking comment on the following proposed changes to the Uniform NMLS Licensing Forms and Mortgage Call Report:

<http://mortgage.nationwidelicensingsystem.org/about/Documents/2015%206%201%20NMLS%20POLICY%20COMMITTEE%20LIST.pdf>

Uniform NMLS Licensing Forms

I. Comment Section within Company Form (MU1) and Branch Form (MU3)

Issue: Currently company filers are unable to provide comments to regulators on the content of their filings. Comments could be used by company filers to describe items that are not applicable to their application submission which are not included to avoid placement of license items. Some license types, such as exemptions, don't require certain information to be included in a filing, but with no comment section available, the filing may appear incomplete to the regulators. Furthermore a comment section could be utilized to indicate whether an amendment filing contains material changes to the record or are for clean-up purposes such as a spelling correction.

Proposal: SRR will give company filers the ability to provide comments to regulators within the Company Form (MU1) and Branch Form (MU3) starting the second quarter of 2016.

Screen shot for placement within Company Form (MU1) and Branch Form (MU3) – Above “Attest and Submit”

Logged in as kenr@finra.srr (edit) Resource Center

HOME FILING MILO TESTING & EDUCATION TASKS COMPOSITE VIEW RENEWALS ADMIN REPORTS

Company (MU1) | Branch (MU3) | Individual | Financial Statements | MCR | Access | Relationships

You are currently: State

Business Activities
Request License
License/Registration Information
Identifying Information
Other Trade Names
Resident/Registered Agent
Web Addresses
Contact Employees
Books and Records Information
Approvals and Designations
Bank Accounts
Legal Status
Affiliates/Subsidiaries
Financial Institutions
Disclosure Questions
Disclosure Explanations
Direct Owners and Executive Officers
Indirect Owners
Qualifying Individuals
Document Uploads
MU2 Forms
Attest and Submit
Filing Comment

Attest and Submit

HELP

Please be aware that certain information from this filing and related to your licenses/registrations will be considered public. For details on what is considered public, click here.

Completeness Checks

All completeness checks are clear. You can attest to the filing below for submission.

Subject	Fee Type	Amount
Total Charges		\$0.00

I, _____ of _____ (Applicant) on this date **Friday, July 10, 2015** swear (or affirm) as follows, that I executed this form on behalf, and with the authority, of said Applicant and said Applicant agrees to and represents the following:

- (1) That the information and statements contained herein, including exhibits attached hereto, and other information filed herewith, all of which are made a part of this application, are current, true and complete and are made under the penalty of perjury, or un-sworn falsification to authorities, or similar provisions as provided by law;
- (2) To the extent any information previously submitted is not amended, such information remains accurate and complete;
- (3) To the extent any information submitted is part of an advance change notice with a delayed effective date, such information is accurate and complete as of this submission;
- (4) That the jurisdiction(s) to which an application is being submitted may conduct any investigation into the background of the applicant, and any related individuals or entities, in accordance with all laws and regulations for purposes of making a determination on the application;
- (5) To keep the information contained in this form current and to file accurate supplementary information on a timely basis; and
- (6) To comply with the provisions of law, including the maintenance of accurate books and records, pertaining to the conduct of business for which the applicant is applying.

If the Applicant has knowingly made a false statement of a material fact in this application or in any documentation provided to support the foregoing application, then the foregoing application may be denied.

☐ I verify that I am the named person above and that I am authorized to attest to and submit this filing on behalf of the Applicant.

Attest and Submit

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For additional information, please visit the NMLS Resource Center | For help with navigation please contact the NMLS Call Center at 855-NMLS-1234 (855-665-7123)

II. Expansion of Business Activities

Issue: The business activities available for company and branch selection do not contain separate categories to differentiate between the various types of possible reverse mortgage activities.

Proposal: Business activities will be expanded to include Reverse Mortgage Lending, Reverse Mortgage Brokering and Reverse Mortgage Servicing to enhance companies' ability to report actual business functions conducted. These business activities will be incorporated in the Company Form (MU1) and Branch Form (MU3) in the second quarter of 2016.

Screenshot demonstrating Reverse Mortgage Activities to be replaced with Reverse Mortgage Lending, Reverse Mortgage Brokering and Reverse Mortgage Servicing

Business Activity Wizard HELP ?

Total Charges: \$0.00

Step 1: Select Business Activities

Select **all** business activities conducted by your company from the list below, regardless of whether you plan to manage a license associated with the activity through NMLS. Previously selected business activities will not appear in the list below.

Prior to selecting your activities you may want to review business activity descriptions by clicking **i** on the upper right sidebar.

Jump to: [Mortgage](#) [Consumer Finance](#) [Debt](#) [Money Services](#)

Mortgage

<input type="checkbox"/> First mortgage brokering	<input type="checkbox"/> Home equity lending/lines of credit
<input type="checkbox"/> Second mortgage brokering	<input type="checkbox"/> Reverse mortgage activities
<input type="checkbox"/> First mortgage lending	<input type="checkbox"/> High cost home loans
<input type="checkbox"/> Second mortgage lending	<input type="checkbox"/> Credit insurance services
<input type="checkbox"/> First mortgage servicing	<input type="checkbox"/> Third party mortgage loan processing
<input type="checkbox"/> Third party first mortgage servicing	<input type="checkbox"/> Third party mortgage loan underwriting
<input type="checkbox"/> Subordinate lien mortgage servicing	<input type="checkbox"/> Manufactured housing financing
<input type="checkbox"/> Third party subordinate lien mortgage servicing	<input type="checkbox"/> Lead generation
<input type="checkbox"/> Master Servicing	<input type="checkbox"/> Commercial mortgage brokering or lending
<input type="checkbox"/> Mortgage loan purchasing	<input type="checkbox"/> Mortgage loan modifications
<input type="checkbox"/> Short sale	<input type="checkbox"/> Other - Mortgage
<input type="checkbox"/> Foreclosure consulting/foreclosure rescue	

Reverse Mortgage Activities:
Reverse Mortgage Brokering
Reverse Mortgage Lending
Reverse Mortgage Servicing

III. Annual/Call Report Contact Employee

Issue: The contact employees listed in the Company Form (MU1), designated by state and industry type may not be the appropriate contact for Annual Report or Call Report related communications. A state agency may direct MCR inquiries at a company prior to an initial MCR submission for that particular agency. Additionally, with the development of a MSB Call Report, slated for System deployment in July of 2016, a MCB Call Report Contact Employee may be an important election for inclusion within the Contact Employee section.

Proposal: SRR will add "Annual/Call Report" to the Area(s) of Responsibility selection within the Contact Employee section of the Company Form (MU1). A company may select under Industry Type "Mortgage" and under Area(s) of Responsibility "Annual/Call Report" to designate a MCR Contact Employee or select under Industry Type "Money Services" and under Area(s) of Responsibility "Annual/Call Report" to designate a MSB Call Report Contact Employee. The "Annual/Call Report" Contact Employee for MCR and MSB Call Report allotment will be integrated in NMLS the second quarter of 2016.

Screenshot demonstrating new Area(s) of Responsibility called "Annual/Call Report" to be added

The screenshot displays the 'Contact Employee Information' form. At the top right is a 'HELP ?' button. Below the title bar, a 'Total Charges: \$0.00' box is visible. The form instructs users to provide information for each contact employee and to click 'Save' or 'Delete'. It includes checkboxes for 'Primary Company' and 'Primary Consumer Complaint (Regulator)', followed by input fields for 'First Name' and 'Last Name'. A section titled '**FOR NON-PRIMARY CONTACTS ONLY**' requires selecting at least one Industry Type, Area of Responsibility, and State. Under 'Industry Type(s)', options include Mortgage, Debt, Consumer Finance, and Money Services. Under 'Area(s) of Responsibility', options include Accounting, Exam Billing, Licensing, Consumer Complaint (Public), Exam Delivery, Litigation, Consumer Complaint (Regulator), Legal, and Pre-Exam Contact. The 'Annual/Call Report' option is highlighted with a red box and a red arrow. Below this, the 'State(s)' section lists 50 states and territories with checkboxes. At the bottom are 'Save' and 'Cancel' buttons.

Contact Employee Information HELP ?

Total Charges: \$0.00

Provide the information requested below for each contact employee and click **Save**. Click **Delete** to remove the contact employee. If this individual is a **Primary** contact, do not identify Industry Type(s), Area(s) of Responsibility, or State(s).

☐ Primary Company
☐ Primary Consumer Complaint (Regulator)

First Name:
Last Name:

****FOR NON-PRIMARY CONTACTS ONLY****
Select at least one Industry Type, Area of Responsibility and State

Industry Type(s): ☐ Mortgage ☐ Debt
☐ Consumer Finance ☐ Money Services

Area(s) of Responsibility: ☐ Accounting ☐ Exam Billing ☐ Licensing
☐ Consumer Complaint (Public) ☐ Exam Delivery ☐ Litigation
☐ Consumer Complaint (Regulator) ☐ Legal ☐ Pre-Exam Contact

☐ Annual/Call Report

State(s): [Select All](#) [Deselect All](#)

<input type="checkbox"/> Alabama	<input type="checkbox"/> Illinois	<input type="checkbox"/> Nebraska	<input type="checkbox"/> South Carolina
<input type="checkbox"/> Alaska	<input type="checkbox"/> Indiana	<input type="checkbox"/> Nevada	<input type="checkbox"/> South Dakota
<input type="checkbox"/> Arizona	<input type="checkbox"/> Iowa	<input type="checkbox"/> New Hampshire	<input type="checkbox"/> Tennessee
<input type="checkbox"/> Arkansas	<input type="checkbox"/> Kansas	<input type="checkbox"/> New Jersey	<input type="checkbox"/> Texas
<input type="checkbox"/> California	<input type="checkbox"/> Kentucky	<input type="checkbox"/> New Mexico	<input type="checkbox"/> US Virgin Islands
<input type="checkbox"/> Colorado	<input type="checkbox"/> Louisiana	<input type="checkbox"/> New York	<input type="checkbox"/> Utah
<input type="checkbox"/> Connecticut	<input type="checkbox"/> Maine	<input type="checkbox"/> North Carolina	<input type="checkbox"/> Vermont
<input type="checkbox"/> Delaware	<input type="checkbox"/> Maryland	<input type="checkbox"/> North Dakota	<input type="checkbox"/> Virginia
<input type="checkbox"/> District of Columbia	<input type="checkbox"/> Massachusetts	<input type="checkbox"/> Ohio	<input type="checkbox"/> Washington
<input type="checkbox"/> Florida	<input type="checkbox"/> Michigan	<input type="checkbox"/> Oklahoma	<input type="checkbox"/> West Virginia
<input type="checkbox"/> Georgia	<input type="checkbox"/> Minnesota	<input type="checkbox"/> Oregon	<input type="checkbox"/> Wisconsin
<input type="checkbox"/> Guam	<input type="checkbox"/> Mississippi	<input type="checkbox"/> Pennsylvania	<input type="checkbox"/> Wyoming
<input type="checkbox"/> Hawaii	<input type="checkbox"/> Missouri	<input type="checkbox"/> Puerto Rico	
<input type="checkbox"/> Idaho	<input type="checkbox"/> Montana	<input type="checkbox"/> Rhode Island	

IV. Disclosure Question Updates

Issue: In review of the licensing forms, it was determined by state regulators that a revisit of the Company and Individual disclosure questions is appropriate. Below are the proposed changes to the Company and Individual disclosures to be incorporated in the second quarter of 2016.

Proposal: Company Disclosure Updates

Company Financial Disclosure

~~(H) In the past ten years has the entity or a control affiliate been the subject of a bankruptcy petition?~~

(H) Has the entity or a control affiliate **filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition** within the past 10 years?

(New to Financial Disclosure Section): (K) Has the entity or a control affiliate ever failed to file income tax returns (including information returns for pass through entities) by the due date (including extensions)?

(New to Financial Disclosure Section): (L) Is the entity or a control affiliate past due on any income tax payment obligations, including any payment plan related to tax obligations?

(New Company Disclosure Section) Business Disclosure

(M) Has the entity or a control affiliate conducted financial services or financial services related business in a jurisdiction without a license/registration/exemption at a time when a license/registration/exemption was otherwise required?

Proposal: Individual Disclosure Updates

Individual Financial Disclosure

(New to Financial Disclosure Section): (A)(4) Have you ever failed to file income tax returns by the due date (including extensions)?

(New to Financial Disclosure Section): (A)(5) Are you past due on any income tax payment obligations, including any payment plan related to tax obligations?

Individual Criminal Disclosure

(F)(1) Have you ever ~~been convicted of or~~ pled guilty or nolo contendere ("no contest") to a felony in a domestic, foreign, or military court ~~to any felony~~?

(New to Criminal Disclosure Section): (F)(3) Have you ever been convicted of a felony in a domestic, foreign, or military court?

(H)(1) Have you ever ~~been convicted of or~~ pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to committing or conspiring to commit a misdemeanor involving: (i) financial services or a financial services-related business, (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of property, (v) bribery, (vi) perjury, (vii) forgery, (viii) counterfeiting, (ix) extortion, **(x) dishonesty, or (xi) breach of trust?**

(New to Criminal Disclosure Section): (H)(3) Have you ever been convicted in a domestic, foreign, or military court to committing or conspiring to commit a misdemeanor involving: (i) financial services or a financial services-related business, (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful

taking of property, (v) bribery, (vi) perjury, (vii) forgery, (viii) counterfeiting, (ix) extortion(x) dishonesty, or (xi) breach of trust?

NMLS or SRR Testing Rules of Conduct Disclosure

Due to new functionality within NMLS which allows authorized SRR staff to place a flag on an individual record to notify regulators of a pending or complete investigation into a potential violation of the Rules of Conduct for Test Takers and Education Students, the NMLS or SRR Testing Rules of Conduct Disclosure questions are no longer necessary. SRR proposes removing these disclosures along with the other disclosure updates in the second quarter of 2016.

~~R)(1) Have you ever been found to have violated any Rule of Conduct for test takers of the SAFE MLO Test or found to have violated the NMLS Industry Terms of Use as it pertains to enrolling, scheduling or taking the SAFE MLO Test?~~

~~R)(2) Have you been notified that you are the subject of an investigation by the Mortgage Testing and Education Board (MTEB) or State Regulatory Registry LLC (SRR) regarding an alleged violation of the Rules of Conduct for test takers of the SAFE MLO Test or the NMLS Industry Terms of Use as it pertains to enrolling, scheduling or taking the SAFE MLO Test?~~

Company Disclosure Screenshot

Disclosure Questions

HELP ?

Total Charges: \$0.00

For purposes of responding to the questions below, the term "control affiliate" means: a partnership, corporation, trust, LLC, or other organization that directly or indirectly controls, or is controlled by, the applicant. If the answer to any of the following is "YES", you must provide complete details in the Disclosure Explanation section. **Remember to file updates to these disclosures as needed.**

Criminal Disclosure

(A) Has the entity or a control affiliate ever:

(1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any felony? ☐ Yes ☒ No

(2) been charged with any felony? ☐ Yes ☒ No

(B)

(1) In the past 10 years has the entity or a control affiliate been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to committing or conspiring to commit a misdemeanor involving: (i) financial services or a financial services-related business, (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of property, (v) bribery, (vi) perjury, (vii) forgery, (viii) counterfeiting, or (ix) extortion? ☐ Yes ☒ No

(2) Are there pending charges against the entity or a control affiliate for a misdemeanor specified in (B)(1)? ☐ Yes ☒ No

(G) Is there any pending civil action against the entity or control affiliate is named for any alleged violation described in (F)? ☐ Yes ☒ No

Financial Disclosure

(H) In the past ten years has the entity or a control affiliate been the subject of a bankruptcy petition? ☐ Yes ☒ No

(I) Has a bonding company ever denied, paid out on, or revoked a bond for the entity? ☐ Yes ☒ No

(J) Does the entity have any unsatisfied judgments or liens against it? ☐ Yes ☒ No

Business Disclosure

Save

Individual Disclosure Screenshot

Disclosure Questions

HELP ?

Total Charges: \$0.00

Answer each disclosure question below. If the answer to any question is "Yes", you must provide complete details of all events or proceedings in the [Disclosure Explanation](#) section. Remember to file updates to these disclosures as needed.

Financial Disclosure

(A)

(1) Have you filed a personal bankruptcy petition or been the subject of an involuntary bankruptcy petition within the past 10 years? ☐ Yes ☒ No

(2) Based upon events that occurred while you exercised control over an organization, has any organization filed a bankruptcy petition or been the subject of an involuntary bankruptcy petition within the past 10 years? ☐ Yes ☒ No

(3) Have you been the subject of a foreclosure action within the past 10 years? ☐ Yes ☒ No

(B) Has a bonding company ever denied, paid out on, or revoked a bond for you? ☐ Yes ☒ No

(C) Based upon activities that occurred while you exercised control over an organization, has any bonding company ever denied, paid out on, or revoked a bond for any organization? ☐ Yes ☒ No

(D) Do you have any unsatisfied judgments or liens against you? ☐ Yes ☒ No

(E) Are you delinquent on any court ordered child support payments? ☐ Yes ☒ No

Criminal Disclosure

(F)

(1) Have you ever been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any felony? ☐ Yes ☒ No

(2) Are there pending charges against you for any felony? ☐ Yes ☒ No

(G) Based upon activities that occurred while you exercised control over an organization:

(1) Has any organization ever been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any felony? ☐ Yes ☒ No

(2) Are there pending charges against any organization for any felony? ☐ Yes ☒ No

(H)

(1) Have you ever been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to committing or conspiring to commit a misdemeanor involving: (i) financial services or a financial services-related business, (ii) fraud, (iii) false statements or omissions, (iv) theft or wrongful taking of property, (v) bribery, (vi) perjury, (vii) forgery, (viii) counterfeiting, or (ix) extortion? ☐ Yes ☒ No

(2) Are there pending charges against you for a misdemeanor specified in (H)(1)? ☐ Yes ☒ No

(I) Based upon activities that occurred while you exercised control over an organization:

(1) Has any organization ever been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any misdemeanor specified in (H)(1)? ☐ Yes ☒ No

(2) Are there pending charges against any organization for any misdemeanor specified in (H)(1)? ☐ Yes ☒ No

Civil Judicial Disclosure

(J)(1) Has any domestic or foreign court ever:

~~NMLS or SRR Testing Rules of Conduct Disclosure~~

~~(K)~~

~~(1) Have you ever been found to have violated any Rule of Conduct for test takers of the SAFE MLO Test or found to have violated the NMLS Industry Terms of Use as it pertains to enrolling, scheduling or taking the SAFE MLO Test? ☐ Yes ☒ No~~

~~(2) Have you been notified that you are the subject of an investigation by the Mortgage Testing and Education Board (MTEB) or State Regulatory Registry LLC (SRR) regarding an alleged violation of the Rules of Conduct for test takers of the SAFE MLO Test or the NMLS Industry Terms of Use as it pertains to enrolling, scheduling or taking the SAFE MLO Test? ☐ Yes ☒ No~~

Save

V. Attestation Language

Issue: During the initial Request for Public Comment Period, some state agencies voiced that the attestation language as part of the filing submission is inadequate.

Proposal: To compensate for third-party individuals such as compliance personnel, who file on behalf of a company who may not be actual employees or agents of the company, the attestation language contained in the Company Form (MU1) and Branch Form (MU3), will be updated. Additionally, SRR intends on strengthening the attestation language contained in the Individual Form (MU4 and MU2). Attestation updates are slated for NMLS implementation the second quarter of 2016. Proposed attestation language under consideration is found below.

Current Attestation Language

I [REDACTED] of [REDACTED] (Applicant) on this date [REDACTED] swear (or affirm) as follows, that I executed this form on behalf, and with the authority, of said Applicant and said Applicant agrees to and represents the following:

- (1) That the information and statements contained herein, including exhibits attached hereto, and other information filed herewith, all of which are made a part of this application, are current, true and complete and are made under the penalty of perjury, or un-sworn falsification to authorities, or similar provisions as provided by law;*
- (2) To the extent any information previously submitted is not amended, such information remains accurate and complete;*
- (3) To the extent any information submitted is part of an advance change notice with a delayed effective date, such information is accurate and complete as of this submission;*
- (4) That the jurisdiction(s) to which an application is being submitted may conduct any investigation into the background of the applicant, and any related individuals or entities, in accordance with all laws and regulations for purposes of making a determination on the application;*
- (5) To keep the information contained in this form current and to file accurate supplementary information on a timely basis; and*
- (6) To comply with the provisions of law, including the maintenance of accurate books and records, pertaining to the conduct of business for which the applicant is applying.*

If the Applicant has knowingly made a false statement of a material fact in this application or in any documentation provided to support the foregoing application, then the foregoing application may be denied.

~~*☐ I verify that I am the named person above and that I am authorized to attest to and submit this filing on behalf of the Applicant.*~~

Proposed Company Attestation Language to be added in Place of Strikethrough Above

I, <<NAME>>, <<TITLE/POSITION>>, am employed by or an officer or a control person of <<COMPANY>>, and am authorized to verify the foregoing responses, attest to and submit this filing on its behalf. To the extent that the information set forth herein was collected by others, such information is not necessarily within my personal knowledge. Nevertheless, I solemnly declare and affirm under the penalties of perjury that I have reviewed the foregoing responses, have investigated them for accuracy, and that they are true and correct to the best of my knowledge, information, and belief.

Proposed Individual Attestation Language to be added in Place of Strikethrough Above

I DO SOLEMNLY AFFIRM that I am the named person above, I am authorized to attest to and submit this filing and under the penalties of perjury that the contents of the foregoing application/filing are true and correct to the best of my knowledge, information and belief.

DATE

NAME

VI. Updates to Legal Status Section of Company Form (MU1)

Proposal: Minor changes to the Legal Status section of Company Form (MU1) will be incorporated in the second quarter of 2016. Updates to this section are found below.

- Legal Status: Entities' legal status designation will be moved to the first field in this section.
- Legal Status available for selection will be expanded to include the following: Business Trust; General Partnership; Limited Partnership; Trust (statutory)

Screenshot of Legal Status Section

Legal Status HELP ?

Total Charges: \$0.00

Fiscal year end: (MM/DD)

If publicly traded, please insert stock symbol:

Formation State:

Formation Country / Province:

Formation Date:

Legal Status:

Description:

Do you want to amend your legal status?

If yes, check here: ☒

New Formation State:

New Formation Country / Province:

New Formation Date: (MM/DD/YYYY)

Indicate legal status:

- ☐ Corporation
- ☐ Limited Liability Company
- ☐ Not For Profit Corporation
- ☒ Partnership
- ☐ Sole Proprietorship
- ☐ Other

If Legal Status is Other, then briefly describe:

Effective Date: (MM/DD/YYYY)

Business Trust
General Partnership
Limited Partnership
Trust (statutory)

VII. Employment History Section

Issue: In the Employment History section of the Individual Form (MU4 or MU2), the System requires ten years of history and associated employment addresses, with no gaps in time. If gaps in employment exist, individual filers typically input as employer “unemployed, retired, full time student, etc.” with a personal address to comply with the system requirement. Employment information appears on NMLS Consumer Access and it may not be appropriate for an individual’s personal address to be listed in public domain if it was not actual employment.

Proposal: SRR will integrate categories for selection in drop-down format to accommodate non-employment history. All categories will still require address imputation, but designated category (i.e. Unemployed, Retired, Student, and Military Service) will result in address suppression on Consumer Access, and addresses will only be viewable in the System to relevant regulators. Only the category selected and the associated dates will appear on Consumer Access for the general public. Additionally some designated category selections will be suppressed fully from NMLS Consumer Access (i.e. Incarcerated) and will only be viewable in the System to relevant regulators. Actual employment history will appear on Consumer Access in the same manner a currently. Refer to the screenshot on the next page for an example of how individual employment history currently displays on Consumer Access.

Proposed drop-down selections for 2017 integration include: Employed; Incarcerated; Military Service; Retired; Self-Employed; Student; Unemployed; Other

Screenshot of Employment History Section to Demonstrate Drop-Down Placement

The screenshot displays the "Employment Record" form. At the top right is a "HELP ?" button. Below the title bar, a "Total Charges: \$0.00" label is visible. The form contains several input fields: "Employer (company name):", "From: (MM/YYYY)", "To: (MM/YYYY)", "Position Held: (no abbreviations)", "Address:" (with a second line below it), "City:", "State:" (with a dropdown arrow), "Country / Province:" (with a dropdown arrow), and "Postal Code:". A checkbox labeled "Check here if this is your current employer." is positioned between the "From" and "To" fields. To the right of the "To" field, text reads "Do not enter a To date if this is your current employer." A red arrow points from the "To" field to a red-bordered box titled "New drop-down:". This box lists the following options: Employed, Incarcerated, Military Service, Retired, Self-Employed, Student, Unemployed, and Other. At the bottom of the form are "Save" and "Cancel" buttons. A question at the bottom left asks "Is the employment financial services-related?" with "Yes" and "No" radio buttons.

Current View of NMLS Consumer Access

Thomas Thomas Thomas

NMLS ID: 12345

Phone: (401) 123-4567

Fax: (401) 123-4567

Other Names [?]: 12345678

Prior Other Names [?]: None

Prior Legal Names [?]: None

State Regulatory Actions [?]: None posted in NMLS.

Employment

Authorized to Represent [?]: 12345678901234567890

Engaged in other businesses [?]: No

[\[-\] Hide Self Reported Employment History](#)

From	To	Employer	Position	City	State	Zip Code	Financial Services [?]
10/2012	Present	12345678901234567890	Loan Officer	Newport	RI	02880	Yes
01/2012	10/2012	12345678901234567890	unemployed	Narragansett	RI	02882	No
11/2002	01/2012	12345678901234567890	Loan Officer	Newport	RI	02880	Yes
02/2002	11/2002	12345678901234567890	Unemployed	Warwick	RI	02886	No
11/2000	02/2002	12345678901234567890	Senior Sales Executive	Providence	RI	02903	No
06/1999	11/2000	12345678901234567890	Senior Sales Representative	Providence	RI	02903	Yes
11/1996	05/1999	12345678901234567890	Senior Sales Executive	Providence	RI	02903	Yes

Office Locations [?]

Company	NMLS ID	Type	Street Address	City	State	Zip Code	Start Date	
12345678901234567890	12345	Main	1234567890	Newport	RI	02880	01/17/2014	Go to Location >

State Licenses/Registrations [?] (Displaying 22 Active of 28 Total) [\[+\] View All](#)

Regulator [?]	Lic/Reg Name	Authorized to Conduct Business [?]	Consumer Complaint [?]	[+] View All Details
Alabama	Mortgage Loan Originator License	Yes	Submit to Regulator	[+] View Details

VIII. Dynamic Licensing Forms Based on License Authority and Business Activities

Issue: Resulting from public comments received, regulator input, and discussions amongst the Forms Working Group on dynamic licensing forms, it was determined that the majority of the fields included in the Forms are required by state agencies regardless of industry type or license authority. Forms with too many variants open the possibility of information loss and uniformity makes it easier for existing licensees on the System to enter additional industries or states. Furthermore, uniform licensing forms simplify the state's management process of licensees if their regulatory authority spans multiple industries. However, with state agencies continued expansion on NMLS to manage license authorities beyond the mortgage industry to include consumer finance, debt, and money service businesses, SRR does see an opportunity in incorporating some dynamic components to the Forms.

Proposal: Below are some of the proposed fields or sections within the Company Form (MU1) and Branch Form (MU3) SRR is researching the viability of making dynamic depending on license authority and business activities. The fields or sections outlined in red below are not intended as being all inclusive of the dynamic licensing forms initiative or as predetermined changes, but are meant to illustrate possible dynamic components under consideration. With dynamic licensing forms, if an agency determines a particular field or section is not required given the license authority or business activities selected by a licensee, those "not required" fields would not appear within the form. If a licensee is seeking licensure under more than one license type, the licensee will be presented with the most stringent form based on the selected license authorities or business activities. If applying for a subsequent license, a licensee may have to provide more information within the form if the newly selected license type has more stringent form requirements. Dynamic Company and Branch Licensing Forms may be implemented in 2017 yet the greater part of the Forms will remain uniform. Once targeted changes have been identified, SRR will seek additional public comment.

Possible Dynamic Fields/Sections in Red

The screenshot displays the NMLS Business Activity Wizard interface. The top navigation bar includes links for HOME, FILING, MLO TESTING & EDUCATION, TASKS, COMPOSITE VIEW, RENEWALS, ADMIN, and REPORTS. The user is currently in the 'Company (MU1)' section. The left sidebar lists various business activities, with 'Resident/Registered Agent', 'Approvals and Designations', 'Bank Accounts', and 'Qualifying Individuals' highlighted in red. The main content area is titled 'Business Activity Wizard' and shows 'Step 1: Select Business Activities'. It includes a 'Total Charges: \$0.00' indicator and a list of business activities under the 'Mortgage' and 'Consumer Finance' categories, with checkboxes for each activity.

Mortgage	
<input type="checkbox"/> First mortgage brokering	<input type="checkbox"/> Home equity lending/lines of credit
<input type="checkbox"/> Second mortgage brokering	<input type="checkbox"/> Reverse mortgage activities
<input type="checkbox"/> First mortgage lending	<input type="checkbox"/> High cost home loans
<input type="checkbox"/> Second mortgage lending	<input type="checkbox"/> Credit insurance services
<input type="checkbox"/> First mortgage servicing	<input type="checkbox"/> Third party mortgage loan processing
<input type="checkbox"/> Third party first mortgage servicing	<input type="checkbox"/> Third party mortgage loan underwriting
<input type="checkbox"/> Subordinate lien mortgage servicing	<input type="checkbox"/> Manufactured housing financing
<input type="checkbox"/> Third party subordinate lien mortgage servicing	<input type="checkbox"/> Lead generation
<input type="checkbox"/> Master Servicing	<input type="checkbox"/> Commercial mortgage brokering or lending
<input type="checkbox"/> Mortgage loan purchasing	<input type="checkbox"/> Mortgage loan modifications
<input type="checkbox"/> Short sale	<input type="checkbox"/> Other - Mortgage
<input type="checkbox"/> Foreclosure consulting/foreclosure rescue	

Consumer Finance	
<input type="checkbox"/> Payday lending - storefront	<input type="checkbox"/> 1031 exchange companies
<input type="checkbox"/> Payday lending - online	<input type="checkbox"/> Private student loan lending

IX. MU2 Control Person's Update

Issue: Various state laws require “persons of interest” within a company to complete the Individual Form (MU2) in order to provide information to the respective regulatory agency. The Individual Form (MU2) is intended for control persons and if a person of interest in one state completes and attests to the Individual Form (MU2), requirements are triggered in the other states the company is licensed in, such as a credit report obligation. Some persons of interest, such as a Chief Technology Officer, don't fall under the scope and definition of a control person, however the only way for companies to provide the information required by some states on those persons of interest is through the Individual Form (MU2).

Proposal: In 2017 NMLS may be enhanced to allow an MU2 to be created without triggering control person requirements in other agencies. The same level of information will be collected on the “persons of interest” within the Individual Form (MU2), but the company will have the ability to designate the individual as a non-control person.

X. General Usability - Advance Change Notice and Backdating

Issue: Currently companies are unable to utilize the Advance Change Notice (ACN) functionality when removing Direct Owners and Executive Officers, Indirect Owners, Qualifying Individuals, and Affiliates/Subsidiaries. Many companies find it challenging when making changes to these sections in having to log in to the System on the effective date of the change to make the removal.

Proposal: In the second quarter of 2016 the Company Form (MU1) and Branch Form (MU3) will be modified to allow ACN utilization in the removal of Direct Owners and Executive Officers, Indirect Owners, Qualifying Individuals, and Affiliates/Subsidiaries.

Issue: Currently in the System there is no way for company filers on the Company Form (MU1) and Branch Form (MU2) to indicate a past effective date for certain form changes, only current and future dates. The result is inaccurate effective date reporting of changes in some cases.

Proposal: In the second quarter of 2016 the Company Form (MU1) and Branch Form (MU3) will be modified to include a non-functional field to enable backdating of certain event changes. The name of the non-functional field will be “Event Date.” SRR is currently vetting appropriate sections for Event Date inclusion and once determined, more specific changes will be published.

NMLS Mortgage Call Report

I. Qualified and Non-Qualified Mortgage Reporting

Issue: In April 2015 with the MCR's recent form version update, fields to capture Qualified Mortgages (QM) and Non-Qualified Mortgages were included. With the absence of fields to capture loans that are not subject to QM standards or loans in a portfolio being held for investment that were originated prior to QM standards went into effect, SRR issued guidance in the [MCR FAQs](#) on the reporting of such data.

Proposal: To enable more accurate reporting on QM standards, SRR will include an additional line to capture loans that are not subject to QM standards on the state-specific Residential Mortgage Loan Activity (RMLA) component of the MCR and a line to disclose loans in a portfolio being held for investment that were originated prior to QM standards went into effect, to the Financial Condition (FC) component. These fields will be available for reporting starting the second quarter of 2016.

Current View in RMLA

	QM and Non-QM						
AC920	Qualified Mortgage (QM)	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
AC930	Non-Qualified Mortgage	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
AC990	Total QM and Non-QM	0	0	0	0	0	0

Current View in FC

	Qualified and Non-Qualified Mortgages		HFI, at Amortized Cost (\$)	HFI, at Fair Value (\$)
A060W1	Qualified Mortgage (QM)		<input type="text"/>	<input type="text"/>
A060W2	Non-Qualified Mortgage		<input type="text"/>	<input type="text"/>
A060W9	Total Loans		0	0

II. Pool Reporting

Issue: The April 2015 form version update also introduced required state-specific servicing fields to the RMLA component of the Expanded MCR. SRR received feedback from industry that under Section III - Loans Serviced, the inclusion of NMLS ID, Owner Name, Pool Number, UPB & Loan Count, proved to be overly burdensome due to the large amount of data/pools reported in some cases. SRR provided guidance in the [MCR FAQs](#) regarding pool reporting and advised filers that pools should be limited to investor type and provided in the aggregate.

Proposal: In response to industry concerns, SRR will incorporate an upload option within Section III – Loans Serviced to accommodate companies who are reporting large amounts of data related to servicing. This upload ability will be incorporated the second quarter of 2016. Companies will still have the option to manually input servicing data.

Screenshot Demonstrating Proposed Placement of Upload Function

Section III - Loans Serviced Under MSRs

American Advisors Group (9392) Alabama Expanded RMLA filing created 7/13/2015 by RodriguK.

Click **Add New** to provide information regarding Loans Serviced Under MSRs during the period. After you enter information in a row, press enter or click [icon]; the row will be saved and a new row will be generated allowing you to provide information for additional loans.

Click [icon] on the sandbar above for information on data formatting requirements and field definitions.

Record ID	NMLS ID	Owner Name	Pool #	UPB (\$)	Loan Count (#)
No information regarding Loans Serviced Under MSRs has been provided.					

[Add New] [Upload]

III. MCR Print File Option

Issue: With current NMLS functionality, company users need to individually select and print each MCR component, including each individual state-specific RMLA, to view and print the MCR filing as a whole for a particular period/quarter. This process is cumbersome, especially for those companies licensed under multiple state agencies.

Proposal: SRR will implement a one-click print option for submitted MCRs, by period/quarter to assist in the analysis of historical data. This one-click print option will be available for company and regulator users starting the second quarter of 2016.

IV. Completeness Check Update.

Servicing Disposition on Closed Loans

AC1200: Closed Loans During the Quarter with Servicing Retained
AC1210: Closed Loans During the Quarter with Servicing Released
AC1290: Total Closed Loans (equals the sum of rows AC1200 to AC1210)

Issue: Currently a Completeness Check exists in the State-specific RMLA component of the Standard and Expanded MCR to verify the amount and count of Loans Closed and Funded equals the amount and count of Total Serviced Loans, which also equals the amount and count of Total Closed Loans under Mortgage Loan Originator Data section. This is problematic given that brokered loans don't belong in the 1200 series.

Proposal: This Completeness Check will be updated in the second quarter of 2016 to as follows:

The amount and count of Loans Closed and Funded (AC070) equals ~~the amount and count of Total Serviced Loans, which also equals~~ the amount and count of Total Closed Loans under Mortgage Loan Originator Data section (ACMLOTOT).

Interest Income: C010-C080 in the Expanded FC

Issue: Within the Interest Income section of the Expanded FC (C010-C080), the Total column and corresponding categories (Origination Warehousing, and Secondary Marketing; Servicing; Multifamily/Commercial; Residential Portfolio Management and All Other) are all self-reporting fields. There creates the potential for data to not match up and a company can provide data in the Totals but not report the breakdown by the separate categories.

Proposal: SRR will incorporate a Completeness Check in the second quarter of 2016 to enforce that the Total columns (C010-C080) equal the breakdown by corresponding category (Origination Warehousing, and Secondary Marketing; Servicing; Multifamily/Commercial; Residential Portfolio Management and All Other).

Schedule C: Income					
	NET INTEREST INCOME	Total (\$)	1-4 Unit Residential Only		Residential Portfolio Management and All Other (\$)
			Origination, Warehousing, and Secondary Marketing (\$)	Servicing (\$)	
	Interest Income				
C010	Warehousing Interest Income from Loans Held For Sale Residential and Multifamily/Commercial				
C020	Interest Income on Loans Held for Investment				
C030	Interest Income from Securities Held to Maturity				
C040	Interest Income from Securities Available for Sale				
C050	Interest Income from Trading Securities				
C060	Other Interest Income				
C070	Recognition of Yield Adjustment				
C080	Servicing-Related/Escrow Interest Income				
C090	Total Interest Income	0	0	0	0

V. Calculation Update

I430: Pull-Through Ratio

Issue: Currently line I430: Pull-Through Ratio is a non-calculated field. Guidance was given in the [Expanded MCR Field Definitions](#) to calculate this filed through the following: "The number of 1 -4 unit residential loan closings divided by the number of applications during the reporting period."

Proposal: This will become a calculated field in the second quarter of 2016. The calculation is below.

I430: Pull-Through Ratio = C070 (# of Loans Closed and Funded) /AC020 (# of Applications Received)

VI. Dynamic MCR

Issue: Currently state mortgage companies that designate in their Company MU1 Form that they are an authorized Fannie Mae or Freddie Mac Sellers/Services or Ginnie Mae Issuers must submit an Expanded Mortgage Call Report. In the Request for Public Comment posted on May 1, 2015, SRR asked if the current approach of MCR requirements based on designations should be reconsidered in favor of a MCR based upon a company's selected business activities or license type in order to collect information that is pertinent to the actual entity.

Proposal: Resulting from the public comments received, agency feedback, and discussions amongst the MCR WG members, SRR is pursuing development of a dynamic MCR based on a company's business activities and license authority. SRR has begun mapping out required fields for dynamic MCR implementation so that only appropriate data fields will be presented to company filers based on the actual entity. Once required fields dictated by business activities and license authority have been identified, SRR will publish more specific changes to the MCR and request public comment. A dynamic MCR is expected to be incorporated in a 2017 system release.

VII. Comprehensive MCR to Reduce External State-Specific Reporting

Issue: One of the primary goals of the NMLS Mortgage Call Report to include all necessary information required by regulators such that requirements do not need to be submitted and tracked outside NMLS. With each revision to the MCR since it was implemented in May 2011, this goal has been furthered as evidenced by the reduction of external state-specific reports, however numerous reports are still required externally on a state-by-state basis.

Proposal: SRR is working with industry participants, associations, and state agencies to determine what external state-specific reports can be removed due to current MCR content and through expansion of the RMLA and the Financial Condition (FC) components. Expansion of the content within the RMLA and FC components will be implemented in conjunction with the dynamic MCR initiative in 2017. Specific and targeted changes will be published for another public comment period after SRR identifies appropriate modifications to facilitate further removal of external state-specific reports.

VIII. Financial Condition

Issue: The FC component of the NMLS Mortgage Call Report is based on the Mortgage Bankers Financial Reporting Form (MBFRF) but it has not been updated on a consistent basis to keep pace with standard accounting changes and relevancy to certain areas of state supervision of mortgage companies.

Proposal: In pursuit of developing a comprehensive report that meets state's needs SRR plans on enhancing the FC component in 2017. The FC enhancement effort will include consultations with industry trade associations, federal and state agencies, and relevant industry stakeholders to ensure alignment between the state's needs and the MBFRF, while keeping in mind the potential impact to industry players. Targeted changes have been identified will be published for another public comment period.

IX. Definition of Application

SRR provided guidance on the revised definition of "application" for reporting beginning the first quarter of 2015. The definition is as follows:

An application is an oral or written request for an extension of credit encumbering a 1-4 family residential property. Exclude any commercial/business/investment purpose encumbrances from reporting. Include inquiries or Pre-Qualification requests that result in denial of credit. The application date used is either (1.) The date on the initial 1003 with the borrower's signature; (2) The date of an oral request for extension of credit, with deference to the initial 1003; (3) Inquiries and Pre-Qualification requests, if declined, should use the denial date. Examples of requests that are considered an application for the NMLS MCR include,

but are not limited to, purchase of owner occupied 1-4 family residential properties including 2nd homes and vacation homes; construction of 1-4 family residential properties (as described above) made directly to the consumer; non-commercial liens on residential properties (Lines of Credit should be reported at maximum approved credit line); pre-approvals on item #1 even if a residential property has not been identified; reverse mortgages – regardless of purpose; refinance loans on all of the above; all requests for extensions of credit to purchase residential property that result in the issuance of an ECOA notice.

Issue: Industry has requested for SRR to adopt a definition that mirrors the definition under federal law and the Home Mortgage Disclosure Act (HMDA). It has been argued that different interpretations of the term “application” increase the regulatory burden incurred by mortgage companies, making it more difficult to collect loan origination information for state and federal reporting purposes.

Proposal: State regulators have urged the CFPB to adopt a definition of “application” that is consistent with state requirements in order to alleviate additional burden on industry. The revised definition seeks to clarify the data state regulators want reported as the definitions under federal law do not capture all of the loans necessary to state regulators. The purpose of the MCR is to provide state regulators, through the use of data, with a means to identify, measure, monitor and control risk at the licensee level and to monitor the industry as whole. The byproduct of reverting to strict alignment with the proposed HMDA definition of “application” would be no reduction in out-of-system reporting to state agencies as well as a possible increase in these reports for other state agencies in order to capture the required application information. Absent additional guidance, the revised definition of “application” is enforceable for MCR reporting in the first quarter of 2016.

Request for Public Comments

SRR is seeking comments from the public on the specific, proposed changes to the Forms and the Mortgage Call Report contained in this document.

Comments are requested to be limited to the content of the proposed Forms and Mortgage Call Report changes. Many of the comments submitted during the initial comment period were determined to be broader policy issues that would not directly affect the Forms or the MCR at this time.

Persons submitting comments must include their contact information. Comments received, as well as the submitter's name and company or organization (if applicable), will be posted on the NMLS Resource Center for public view. Comments submitted without contact information will not be considered.

All Form comments will be reviewed by the Forms Working Group comprised of state regulators and discussed with all state regulators. All Mortgage Call Report comments will be reviewed by the Mortgage Call Report Working Group comprised of state regulators and will be reviewed with all state regulators. The recommendations for proposed changes from the regulator groups will be sent to the NMLS Policy Committee for evaluation and approval or rejection. SRR expects to publish final changes to the Forms and MCR in October 2015 with some changes occurring the second quarter of 2016 and more substantive changes to be integrated in 2017.

Persons submitting comments are encouraged to provide these comments electronically via email to: comments@csbs.org

Comments may also be submitted in physical form to:

State Regulatory Registry
Conference of State Bank Supervisors
Attn: Tim Doyle, Senior Vice President
1129 20th St NW, 9th Floor
Washington, DC 20036

Comment submission deadline: August 20, 2015

Addendum A

NMLS Licensing Forms Working Group

REPRESENTATIVE	AGENCY
Keisha Whitehall Wolfe, Chair	Maryland Office of Financial Regulation
Nancy Burke	New Hampshire Banking Department
Lorenda Lillard	Washington Department of Financial Institutions
Michelle Hickman	Wyoming Division of Banking
K.C. Schaler	Idaho Department of Finance

NMLS MCR Working Group

REPRESENTATIVE	AGENCY
Richard Cortes, Chair	Connecticut Department of Banking
Eric Davies	California Department of Business Oversight
Kara Grove	Michigan Department of Insurance and Financial Services
Tracy Hudson	West Virginia Division of Financial Institutions
James Keiser	Pennsylvania Department of Banking and Securities
Daniel Kline	Idaho Department of Finance
Timothy Knopp	Pennsylvania Department of Banking and Securities
Sam Marcum	Missouri Division of Finance
William Mejia	California Department of Business Oversight
Rick St. Onge	Washington Department of Financial Institutions Division of Consumer Services
Scott Peter	Nebraska Department of Banking and Finance
Ryan Walsh	Pennsylvania Department of Banking and Securities
Shu-fen Weng	California Department of Business Oversight



Checklist Improvement Working Group

NMLS Ombudsman Meeting
AARMR Conference – August 4, 2015

Working Group Members



- INDUSTRY:
 - Sam Wolling (Prospect Mortgage)
 - Amy Greenwood-Field (Bradley, Arant, Boult, Cummings LLP)
 - Edi Reber (MoneyGram)
- REGULATOR:
 - Sharon Dick (Pennsylvania)
 - Dawn Woolery (Washington)
 - Keisha Whitehall Wolfe (Maryland)
 - Nancy Burke (New Hampshire)
- SRR:
 - Dave Dwyer
 - Tim Lange
 - Sharon Hughes
 - Stephanie Buonomo
 - Graham Davidson

Why are Checklists So Important?



- For Industry Users
 - determine whether certain license types apply to their activities.
 - determine what items they would need to gather in a timely matter if certain changes are contemplated.
 - get jurisdictions the information they want on the first try, so that business can be conducted without interruption.
- For Regulators
 - Applications (and amendments) approvable after first review
 - Quicker turnaround times
 - Clear communication to applicants and licensees

2015 Working Group Goals



- Create checklists that provide a complete list of all steps in the license process
- Improve clarity of the new application, amendment and surrender checklists through changes to the organization and content of checklist templates
- Ensure that checklist requirements requiring document upload utilize consistent naming conventions and categorization
- Expand the use of surrender/amendment checklists for all license types

New Color Scheme and Organization



[State] [License Name] New Application Checklist (Individual)

CHECKLIST SECTIONS

- [General Information](#)
- [Prerequisites](#)
- [License Fees](#)
- [Requirements Completed in NMLS](#)
- [Requirements Submitted Outside of NMLS](#)

Inclusion of License Description Information



[State] [License Name] New Application Checklist (Individual)

CHECKLIST SECTIONS

- [General Information](#)
- [Prerequisites](#)
- [License Fees](#)
- [Requirements Completed in NMLS](#)
- [Requirements Submitted Outside of NMLS](#)

GENERAL INFORMATION

Who Is Required To Have This License?

[Insert State-Specific information here.]

[Insert reference to any rule, regulation or citation related to the law/act that allows for licensure.]

Activities Authorized Under This License

This license authorizes the following activities...

Pre-Requisites for License Applications

- [Insert any other true pre-requisites that must be completed BEFORE the application/individual Form (MU4) is submitted.]

[State Agency Name] does or does not issue paper licenses for this license type.

Helpful Resources

- [Individual Form \(MU4\) Filing Quick Guide](#)
- [License Status Quick Guide](#)
- [Disclosure Explanations - Document Upload Quick Guide](#)
- [State-Specific Education Chart](#)
- [Individual Test Enrollment Quick Guide](#)
- [Course Enrollment Quick Guide](#)

Agency Contact Information

Separate Sections for Requirements Completed in NMLS and Requirements Submitted Outside of NMLS



REQUIREMENTS COMPLETED IN NMLS- These items must be completed during or after the submission of your Individual Form (MU4).

Complete	[State] [License Name]	Submitted via...
<input type="checkbox"/>	Submission of Individual Form (MU4): Complete and submit the Individual Form (MU4) in NMLS. This form serves as the application for the license through NMLS.	NMLS
<input type="checkbox"/>	Criminal Background Check: Authorization for an FBI criminal history background check to be completed in NMLS.	NMLS

REQUIREMENTS SUBMITTED OUTSIDE OF NMLS- These items must be completed outside of NMLS and submitted directly to the regulator.

Complete	[State] [License Name]	Submitted via...
<input type="checkbox"/>	<p>After you authorize the FBI criminal history background check on the Individual Form (MU4), you must schedule the background check. See the Completing the Criminal Background Check information.</p> <p>Note: If you are able to 'Use Existing Prior Background Check' on the Individual Form (MU4), you DO NOT have to submit the fingerprints already on file as part of the process automatically.</p>	
<input type="checkbox"/>	Credit Report: Authorization for a credit report (IDV) within the Individual Form (MU4). See the Quick Guide for instructions on completing the credit report.	
<input type="checkbox"/>	Disclosure Questions: Provide an explanation for each "Yes" response. See the Disclosure Questions information.	
<input type="checkbox"/>	[Name of Document Required]: [Enter any state-specific information about the requirement.]	<p>Email to [Agency Name]: agency@agency.gov</p> <p>OR</p> <p>Mail to [Agency Name]</p>
<input type="checkbox"/>	[Name of Document Required]: [Enter any state-specific information about the requirement.]	<p>Email to [Agency Name]: agency@agency.gov</p> <p>OR</p> <p>Mail to [Agency Name]</p>
<input type="checkbox"/>	[Name of Document Required]: [Enter any state-specific information about the requirement.]	<p>Email to [Agency Name]: agency@agency.gov</p> <p>OR</p> <p>Mail to [Agency Name]</p>

State Regulatory Registry LLC

Separate Sections by Amendment Type within the Amendment Checklist



Complete	[State] [License Name] Change of Employment Amendment Items	Submitted via...
<input type="checkbox"/>	<p>Terminate Relationship: Terminate the "Relationship" with your former employer in NMLS if the company has not already done so. For instructions on completing this action, see the Removing Access and Ending a Relationship Quick Guide.</p> <p>(If applicable) Note: Once the current "Sponsorship" is terminated, your license status will be updated to Approved-Inactive. You are not authorized to conduct business until the sponsorship request from your new employer is approved by [State Agency].</p>	NMLS
Complete	[State] [License Name] Change in Disclosure Question(s) Amendment Items	Submitted via...
<input type="checkbox"/>	Employment History: Update (MU4) Form.	
<input type="checkbox"/>	<p>Change in Disclosure Question(s): Submit an amendment for a change to Disclosure Question response(s) through the Individual (MU4) Form in NMLS.</p>	NMLS
<input type="checkbox"/>	<p>Confirm Email Address: Confirm locations is current in NMLS:</p> <ul style="list-style-type: none"> Home Tab>My Account Filing Tab>Individual> 	
<input type="checkbox"/>	<p>Changing a Response from No to Yes: Provide a complete and detailed explanation and document upload for each response that changes from "No" to "Yes" for the Branch Manager.</p> <p>See the Individual Disclosure Explanations Quick Guide and the Disclosure Explanations - Document Upload Quick Guide for instructions.</p>	Upload in NMLS in the <i>Disclosure Explanations</i> section of the Individual (MU4) Form.
<input type="checkbox"/>	<p>Grant Company Access: Grant so a new relationship/sponsor completing this action, see the Granting Access Quick Guide.</p> <p>Note: After access is granted.</p>	
<input type="checkbox"/>	<p>(If Applicable) Changing a Response from Yes to No: Provide a complete and detailed explanation and document upload for each response that changes from "Yes" to "No" for the Branch Manager.</p> <p>See the Individual Disclosure Explanations Quick Guide and the Disclosure Explanations - Document Upload Quick Guide for instructions.</p>	Upload in NMLS in the <i>Disclosure Explanations</i> section of the Individual (MU4) Form.

Clarification of Specific Requirement Language



Example: Other Trade Names

- Additional options/language for agencies in order to clarify specific requirements and documentation needs

Complete	[State] [License Name]	Submitted via...
<input type="checkbox"/>	<p>Other Trade Name:</p> <p>(For states that do not limit the number of other trade names per license) If operating under a name that is different from the applicant's legal name, that name ("Trade Name", "Assumed Name" or "DBA") must be listed under the <i>Other Trade Names</i> section of the Company Form (MU1). [State Agency Name] does not limit the number of other trade names.</p> <p>(If Applicable) If operating under an "Other Trade Name", upload [identify state specific document(s) acceptable to the State] regarding ability to do business under that trade name.</p> <p>Upload this document in NMLS under the Document Type "Trade Name/Assumed Name Registration Certificates" in the <i>Document Uploads</i> section of the Company Form (MU1).</p> <p>This document should be named [State-License Type] Trade Name / Assumed Name.</p> <p>(For states that limit the number of other trade names per license) If operating under a name that is different from the applicant's legal name, that name ("Trade Name", "Assumed Name" or "DBA") must be listed under the <i>Other Trade Names</i> section of the Company Form (MU1). [State Agency Name] does not allow more than [# total] of other trade names.</p> <p>(If Applicable) If operating under an "Other Trade Name", upload [identify state specific document(s) acceptable to the State] regarding ability to do business under that trade name.</p> <p>Upload this document in NMLS under the Document Type "Trade Name/Assumed Name Registration Certificates" in the <i>Document Uploads</i> section of the Company Form (MU1).</p> <p>This document should be named [State-License Type] Trade Name / Assumed Name.</p> <p>(For states that issue a separate license per other trade names) If operating under a name that is different from the applicant's legal name, that name ("Trade Name", "Assumed Name" or "DBA") must be listed under the <i>Other Trade Names</i> section of the Company Form (MU1).</p> <p>[Licensee Name] are prohibited from using more than one other trade name for each license obtained. Therefore, please be advised that applicants must hold a [License Name]- Other Trade Name for each other trade name listed in the <i>Other Trade Names</i> section of the Company Form (MU1). [State Agency Name] does not allow more than [# total] of other trade names to be held.</p>	<p>NMLS</p> <p>(if applicable)</p> <p>Upload in NMLS: under the Document Type "Trade Name/Assumed Name Registration Certificates" in the <i>Document Uploads</i> section of the Company Form (MU1).</p>

Expand the Use of Surrender/Amendment Checklists



- Identify license types without surrender and/or amendment checklists and work with Agencies to create missing checklists
- Until the new checklists are created, utilize default checklists so that industry will see consistent checklist options for each license.
- Default checklists will utilize standard language guiding industry to agencies to identify requirements outside of NMLS

State Regulatory Registry LLC



Amendment Checklist

When amending your record in relation to this license, the state agency may have additional requirements beyond what is submitted through NMLS.

If you have any questions related to the amendment of this license, [please contact the Agency directly.](#)

Helpful Resources for...

Company Licensees

- [Company \(MU1\) Quick Guide](#)
- [Branch \(MU3\) Quick Guide](#)
- [Document Uploads Quick Guide](#)
- [Document Upload Descriptions and Examples](#)

Individual Licensees

- [Individual \(MU4\) Amendments Quick Guide](#)

Default Checklists



Surrender Checklist

When requesting to surrender this license, the state agency may have additional requirements beyond what is submitted through NMLS.

If you have any questions related to the surrender of this license, [please contact the Agency directly.](#)

Helpful Resources for...

Company Licensees

- [Company License Surrender Requests](#)

Individual Licensees

- [Individual License Surrender Request](#)

MASTER PAGE 33

New Checklist Rollout Plan



- Conversion to New Templates conducted by NMLS staff
- Review, Edit and Approval of new checklist versions by Agency
- Details of the Roll-out Plan and Schedule coming soon

July 21, 2015

Robert Niemi
NMLS Ombudsman
c/o Conference of State Bank Supervisors
1129 20th Street, N.W., 9th Floor
Washington, DC 20036
ombudsman@stateregulatoryregistry.org

RE: August 2015 NMLS Ombudsman Meeting Topics

Dear Mr. Niemi:

I would like to submit the following topics for discussion during the upcoming August 2015 NMLS Ombudsman Meeting in New Orleans, Louisiana: Advance Change Notice ("ACN") approval procedures and change of control workflow procedures.

Reflecting ACN Approvals in NMLS

Currently, once an ACN is submitted for regulator review, the approval/status page reflects relevant regulators with a column for regulator status, including whether or not the ACN is approved. This is only minimally helpful for companies attempting to track approvals because some jurisdictions do not have a formal approval requirement for all ACN types and others choose not to utilize the ACN approval mechanism in NMLS.

As the ACN process is improved within the system, would it be possible for regulators to indicate to NMLS whether or not formal approval is required before a company may proceed with implementing the proposed change that is included in an ACN by change type (i.e.: address change, change of control, addition of new control person; name change, etc.)? Only those jurisdictions that require formal approval of a change type should appear in the jurisdiction list on the approval/status page and if the jurisdiction is choosing not to utilize the system functionality to indicate this approval that should be noted. This would provide companies with an easier way to determine whether all necessary approvals have been secured, whether contacts need to be made to certain jurisdictions to determine review/approval status or whether a delay in the implementation of the ACN is necessary.

Change of Control Workflow Procedures

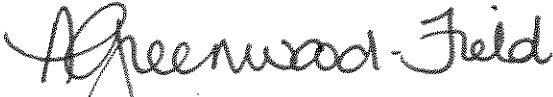
With respect to a change of control that results in an ownership change that triggers a new application in certain jurisdictions, is it possible for those jurisdictions to adopt uniform workflow procedures for review of the new application documentation? In my experience there are less than a dozen mortgage company jurisdictions that routinely require new applications in

conjunction with an ownership change, but there is no uniformity in processing. Given the NMLS "one-record" concept, unless there are statutory requirements that require a surrender and new application to physically occur, the only information that changes in NMLS is the new ownership information, organizational chart, potentially a management chart update if new control persons are added, a bond confirmation of continuous coverage and fee collection. With proper notice, all of these items should be able to be submitted and reviewed by the jurisdiction in advance of the change event and would not necessarily require a physical surrender and new application in the NMLS.

Currently, only a few jurisdictions ask for a new application and fee but do not actually expect the company to surrender and re-apply in the system, showing a continuous license approval. A handful of jurisdictions are willing to actually review the information submitted for the required new application in advance of the change of control event and to coordinate a simultaneous surrender/new application approval in the system. However, some jurisdictions delay review of the new application materials, despite the advance notification received, until the actual trigger event occurs, which results in a delay in business after surrender and re-application until the new license approval is formally received through NMLS. If these jurisdictions are not able to accept items without the formal surrender and new application process in NMLS, adoption of uniform workflow procedures for review and making public their expectations on the amendment checklist and within license items set would be helpful to companies experiencing an ownership change event.

I look forward to visiting with you about these issues at the upcoming meeting.

Best regards,



Amy Greenwood-Field
Senior Attorney



July 21, 2015
Re: Ombudsman Meeting Topics - Aug 2015

Good afternoon,

Below please find two topics that I would like to discuss at the NMLS Ombudsman meeting being held on August 4, 2015.

1. Do states view Home Affordable Refinance Program (HARP) loans to be an underwriting activity or a servicing activity? HARP requires minimal documentation to determine eligibility for the program. The underwriting of these loans is to determine program eligibility and not to render a new underwriting decision.
2. Will the states which currently still have an annual reporting requirement be eliminating those in the future? The majority of the information requested on state specific annual reports is information that is already submitted through the NMLS quarterly MCR's.

If there is anything further needed to add these items to the meeting agenda, please feel free to contact me directly at (484) 467-1737 or Rebecca.warfel@indecomm.net.

Sincerely,

Rebecca Warfel
Corporate Licensing Specialist
Indecomm Holdings, Inc.

TO: The NMLS Ombudsman
FROM: Costas A. Avrakotos
DATE: July 20, 2015
RE: AARMR Conference, August 4-6, 2015

In connection with the Ombudsman session at the 2015 American Association of Residential Mortgage Regulators Conference in New Orleans, we have prepared this memorandum regarding certain issues that may merit discussion during the Ombudsman session.

I. VOLUNTARY RESIGNATIONS

Here is an example of an issue brought to our attention by a licensee.

A Company wants to hire an individual for a position that would make the individual a control person for purposes of the NMLS, and an issue arose in connection with the person's MU2 disclosures.

With respect to her prior position as the CFO, the person was terminated because the company was having financial difficulties. The former employer claimed that the individual was terminated for cause (allegedly obtaining improper expense reimbursements). The former CFO believed that the former employer took this position so that the former employer would not be obligated to pay the contractual severance payment. The former CFO sued her former employer for the severance, and it was settled before trial with a payment to the individual of a confidential amount, including the withheld severance, and with a retraction that the dismissal was for cause.

A question arose as to how the person should complete the MU2.

The NMLS MU2 Termination Disclosure, Question Q (2) provides as follows:

Termination Disclosure

(Q) Have you ever voluntarily resigned, been discharged, or permitted to resign after allegations, were made that accused you, of:

- (1) violating statute(s), regulation(s), rule(s), or industry standards of conduct?
- (2) fraud, dishonesty, theft, or the wrongful taking of property?

I am hard-pressed to believe that regulators would expect a person to answer affirmatively to Question Q (2) if the person was unjustly terminated. As written, this Question seems to compel an answer based on a mere accusation or allegation of cause for the termination. Question Q (2) does not take into account the legitimacy of the termination, or whether the termination was challenged or reversed at any time. Question Q (2) accepts at face value that the termination was justified, without taking the individual's position into consideration. This is akin to being considered guilty because an offense was alleged without the person ever being given an opportunity to defend himself or herself. Moreover an affirmative answer to Question Q (2) is not removed, even if the cause for termination is reversed. The individual must live with this on his or her own MU2 record forever when there is no longer a termination for cause. A mere accusation should not blemish a person's record and reflect poorly on the person's character for all to see and unfairly judge when the person's NMLS MU2 record is reviewed.

This question should be dropped or changed. If not dropped, then, on a going forward basis, the Termination Disclosure Question should be worded as amended in bold, capitals, and underscored below.

Termination Disclosure

(Q) Have you ever voluntarily resigned, been discharged, or permitted to resign after allegations, were made **AND SUBSTANTIATED IF CHALLENGED** that accused you, of:

- (1) violating statute(s), regulation(s), rule(s), or industry standards of conduct?
- (2) fraud, dishonesty, theft, or the wrongful taking of property?

Alternatively, it should be appropriate to read the question in light of whether the termination was legally challenged and reversed, withdrawn or resolved in some manner so that an individual can answer NO because there was no termination for cause that was upheld. Finally, if a wrongful termination is successfully challenged, then the person should be permitted to amend his or her MU2 NMLS Account Record so that the answer to this question can be reported as NO.

II. STATE-SPECIFIC BUSINESS PLANS

Several states (California and Massachusetts, for example, require a state specific business plan be uploaded into the "Document Uploads" section of the Company's NMLS MU1 Record. They would like the document uploaded under the "business plan" heading, and the Comments to read "[STATE] Business Plan" to distinguish that this business plan is specific to their state.

Currently, the "Document Upload Descriptions and Examples" worksheet provided in the NMLS [see attached] indicates that the Business Plan is a "general" document; the NMLS does not provide functionality to make this document state specific. (Hence the need to identify the state in the comments.)

It is my understanding that the point of the Business Activities section in the Company's NMLS MU1 record is to provide a list of all business activities in which the company engages. What is the point of multiple business plans when the Business Activities section should already capture the appropriate information? By creating several state specific business plans, it puts added stress on the licensed entity in the event their business plan changes. Now they are responsible for updating several business plans in the NMLS, rather than just one.

III. DOCUMENT UPLOADS

Over the last few years, we have lost any sense of certainty and uniformity in the document uploads.

The NMLS Policy Guidebook specifically indicates "[o]nly document that are available for selection should be provided through NMLS. All other documentation required by the state regulator must be mailed outside NMLS. Only the applicable document for the selection made should be uploaded in NMLS. (When selecting to upload a business plan, only business plan documents related to the company should be provided)."

Yet there are several states, Hawaii, Illinois, Connecticut, Massachusetts, that have decided they want their state specific information uploaded into Document Upload categories that are not meant for these types of documents.

Hawaii's checklist is attached, as it may best represent how the states have requested additional documentation to be uploaded that should not be in the system.

As I understand, Illinois has reconsidered the uploading of required financial statements, and that the Illinois will accept at item outside of the NMLS.

Massachusetts requests the Parent Company financials be uploaded:

Parent Financials: Submit current and two years' financial statements for all parent corporation(s), partnership(s), trust(s), or Limited Liability Company(s) of the applicant which are disclosed as "Control Persons" in the NMLS. If unaudited, statements must be completed in accordance with GAAP, signed under the pain and penalties of perjury by an officer of the entity, and dated not more than 90 days prior to the date of application. This Requirement should be added to the Document Uploads section.

Connecticut does not indicate as much on their checklist, but advised a client that they needed to upload their notarized activity statement to any section in the NMLS.

North Carolina wants the resume of the Qualifying Individual uploaded into NMLS.

And once all of that is said and done, and various documents are uploaded to satisfy various regulators, you receive the following deficiency from the state of Idaho:

Document Uploads – Courtesy Notification. Due to NMLS functionality changes and expansion of the document upload categories, some of the documentation currently uploaded appears better suited for upload in other categories. Please refer to the Company Document Upload Descriptions and Examples Quick Guide available on the NMLS Resource Center. You may want to consult with respective jurisdictions regarding removal of documentation from this category for re-upload to a more appropriate upload category.

IV. OTHER BUSINESS

The Other Business Question of the MU2 is overly broad, and raises unnecessary concerns when it comes to the attestation. The Other Business Question of the MU2 asks;

Are you currently engaged in any other business as a proprietor, partner, officer, director, employee, trustee, agent or otherwise?"

If an individual is involved in more than one business, it should be indicated here. If individual selects "Yes", completion of the Other Business screen will be required.

The Other Business section collects:

- Business Name
- Does this business conduct financial services related activities? Yes/No (note that financial services related is a defined term)
- Address, City, State, Country, Postal Code
- Nature of Business
- Position, title or relationship with business
- Start date
- Hours per month
- Describe your duties

The question is broadly worded, and the Policy Guidebook does not provide sufficient guidance as how to answer the question. The question identifies a broad range of persons, but then the question is ambiguous as to what other business must be reported. Is simply being an officer or director of another business sufficient to report the other business? What does it mean to be engaged in any other business as an officer or director? Engaged must mean something, or else the question simply would have asked "Are you an officer or director of another company." If one looked in the Guidebook for guidance, the Guidebook requests that the individual indicate if the person is "involved in Other Business Activities." (I do not think one should look to the

definition of involved in the Guidebook, as that definition of involved suggests that the person did a bad act, or failed to conduct an act.)

Here is an example of the issue that has arisen:

We have an individual who is a control person of a licensee, Company A, in that the person is the most senior legal officer of the licensee. The person also serves as a director of another company, Company B, for purposes of certain corporate-related filings. Company B does not conduct any particular business activities. Company B does not conduct any business with consumers of or come in contact with consumers. Company B may hold a passive investment interest in certain other companies. The individual does not manage or become involved in the day-to-day operations of Company B. The individual also does not become involved in the management or day-to-day operations of the companies in which Company B holds an interest. As the individual does not manage or become involved in the management or day-to-day operation of Company B, we do not believe she should need to identify Company B as an “Other Business” with which she is involved.

We do not see any licensing or NMLS purpose as being served to compel an individual to list every “Other Business” in which he or she is involved. We believe our view is consistent with the underlying purpose of the NMLS and the MU2 forms to have individuals identify businesses in which they may be involved in their management or day-to day operations. As worded, this MU2 question reaches beyond the individual being a control person, as it applies to being merely an officer, an agent or employee of another company.

If a company does not conduct business with any consumers or come in contact with consumers, but simply is a non-operational holding company in other businesses, what purpose is served in trying to find out about every other business in which the person may hold a position? If the person was in control of an organization that had regulatory sanctions, the regulatory sanctions involving the organization are picked up in the MU2 Disclosure questions. Is this not sufficient to evaluate the individual?

An additional concern in limiting the Other Business questions, or obtaining more clarity on this Other Business questions, which seems superfluous for purposes of “passing muster” on an individual as a control person, is the attestation. Every time there is an Other Business added, or dropped, or a change is made in the address of an Other Business, or in the monthly hours the person works with Other Business, the MU2 must be updated, and an attestation made. Moreover, if there is a change in the Other Business that goes unrecognized or unreported, and some other change is made in the MU2, with the accompanying attestation, the attestation would not be current, true, accurate, and complete because of the change in the Other Business section that went unrecognized or unreported. We have individuals who may serve as officers of many Other Businesses. These Other Businesses may be affiliated with scores of Other Business under common ownership, and these companies may be identified as financial services companies. These affiliations may change many times over the course of the year, with companies added and others sold. There should be a way for state regulators to get comfortable with reviewing control

persons without seeking information on every business enterprise with which the person may have some limited involvement.

V. ALL ACCOUNT RECORD CHANGES SHOULD NOT REQUIRE AN ATTESTATION

I understand the need that material changes of a licensee's MU1 Company Record should require an attestation, but is it necessary for every simple, non-regulatory material change in the MU1 Company Record to require an attestation? For example, should a modest title change, or updating an item in the document uploads require an attestation of all information entered in the MU1 Company Record. These changes, of course, need to be made in the NMLS, but is it necessary to make an attestation to effect the change? Should the change of small direct or indirect interest in a licensee, say a 4 percent change in the reported indirect owners, require an attestation? This would not require a change in control filing in any state, as it does not need to be approved or disclosed, so why is an attestation necessary? As above, the concern is that each attestation requires a re-validation of all of the information in the Company's MU1 record, or risk a false attestation. This takes time, is burdensome, and is particularly frustrating when there is no regulatory purpose being served. Moreover, I would think it would be beneficial to state regulators if they did not need to review the non-material insignificant changes in the NMLS.

VI. BOND RIDERS FOR CONVERSIONS

Recently in connection with a change of name and corporate conversion, we had several different responses from state regulators regarding the date that should be the effective date on the bond riders.

The name change/conversion occurred on June 30, 2015. We requested confirmation from each of the state agencies if the bond rider indicating the new name should reflect an effective date of June 30th, 2015, when the conversion occurred, or July 1, 2015 to coincide with the effective date the company would begin operating under its new name.

Some states indicated they would like the rider effective July 1st, 2015, the date the company would begin operating under the new name.

Other states (Washington) indicated they would like the rider to be effective June 30th, 2015, "to match the effective date of the transaction in the NMLS".

A related issue involves obtaining consistency among the states when it comes to the effective date of a name change. From our experience, most states are willing to accept that the change occurs at the end of a business day. One or two states take the position that a name change occurs at the start of a business day. With many name change transactions occurring at month's end, such as conversions to limited liability companies, and with the last day of the month being the busiest day for loan closings, it is best for the name change to be considered effective at the end of the day.

Uniformity among the states in dealing with these issues would be greatly welcome.

VII. NMLS REPORTING TIME

It has been a few years since I last raised this issue, but the NMLS has been in existence for seven or so years, and I would think we have sufficient collective experience to consider and apply to this issue. The NMLS Guidebook provides that “licensees are required to update their NMLS record no later than 30 days after the information in their record changes. Some jurisdictions may have earlier amendments requirements.”

From our experience, this 30 day period for reporting changes, such as changes to the regulatory disclosure questions, seems to work, or at least we have not seen states take issue with an update to a regulatory action disclosure question that was made more than 30 days after the event occurred. Yet some state laws require that a licensee report matters well in advance of 30 days. If this 30 day standard is being applied and accepted uniformly among the states, then is there a reason for state laws to have an earlier reporting requirement? States should be encouraged to amend their laws to provide a uniform reporting period for material changes to an entity’s NMLS record. Some states have done so.

Business Plan

General/State-Specific	General
-------------------------------	---------

Document Description(s)	A business plan outlining marketing strategies, products, target markets, fee schedule and operating structure the applicant intends to employ.
--------------------------------	---

File Name Format	[Company Legal Name] Business Plan
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Amendments	An Amendment is a change to the existing document. Existing Business Plan must be removed and replaced with the amended business plan.
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Does Not Include	Policy and Procedures, Warehouse Lines of Credit.
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Upload Location	COMPANY FILING (MU1)
------------------------	----------------------

[BACK TO MENU](#)



Company New Application Checklist

Agency Requirements



HAWAII MORTGAGE SERVICER LICENSE

This document includes instructions for a company (corporation location) new application request. If you need to complete a new application for a branch location in Hawaii at which mortgage servicing activities are conducted; refer to the new branch application checklist.

Note: Mortgage servicers licensed under Chapter 454M, Hawaii Revised Statutes, whose business constitutes at least a twenty percent share of the portion of the total mortgage loan service market in Hawaii within the previous calendar year, must maintain an office in Hawaii for the purposes of addressing consumer inquiries or complaints and accepting service of process.

If the company already holds a current Hawaii Mortgage Servicer license or have applied for licensure prior to July 1, 2013, DO NOT complete a new application. DFI will notify each licensee and applicant who applied before July 1, 2013, via email on how to transition on to NMLS. Please watch your email for updates.

Total License costs: \$875 including the NMLS processing fee. Fees collected through the NMLS ARE NOT REFUNDABLE.

Note: Companies who employ individuals who conduct mortgage loan origination activity related to loan modifications and are not licensed as a Mortgage Loan Originator Company are required to obtain a Mortgage Servicer Loan Modification license. The employees of the mortgage servicer conducting loan modification activity are not required to be licensed.

Use the checklist below to complete the requirements for Hawaii DFI.

The checklist provides instructions and requirements for information to be entered in NMLS, the documents that must be uploaded into NMLS, as well as the documents that must be sent outside NMLS.

For help with the NMLS application, see the [Quick Guide for submitting a complete Company Form](#) filing through NMLS.

Agency specific requirements marked **Filed in NMLS** must be completed and/or uploaded in NMLS; this information will not be viewable to the agency until the application has been submitted through NMLS.

For help with document uploads, see the [Quick Guide for document upload in NMLS](#)

Agency specific requirements marked **Attached** on the checklist below must be received with this checklist within 5 business days of the electronic submission of your application through the NMLS at the following:

For U.S. Postal Service:

Division of Financial Institution
Department of Commerce and Consumer Affairs
P.O. Box 2054
Honolulu, HI 96805

For Overnight Delivery:

Division of Financial Institution
Department of Commerce and Consumer Affairs
King Kalakaua Building
335 Merchant Street, Rm. 221
Honolulu, HI 96813

NMLS **Company** Unique ID Number: _____

Applicant Legal Name: _____

FILED IN NMLS	ATTACHED	NOT APPLICABLE	HAWAII MORTGAGE SERVICER LICENSE
<input type="checkbox"/>	N/A	<input type="checkbox"/>	Other Trade Name: DBA's used in Applicant's mortgage servicing business in Hawaii should be listed under Other Trade Names on the NMLS Company Form. Upload (by selecting "Certificate of Authority/Good Standing Certificate" as document type and add "HI – Other Trade Name Doc" in comment section) a file-stamped copy of the Certificate of Registration of Trade Name from the Business Registration Division of the State of Hawaii Department of Commerce and Consumer Affairs. The box in the "forced" column should be checked if either the Commissioner of Financial Institutions or the Business Registration Division of the Hawaii Department of Commerce and Consumer Affairs will not allow the company to use its legal name for any reason. Hawaii does not limit the number of trade names a company can register and use.
<input type="checkbox"/>	N/A	<input type="checkbox"/>	Disclosure Questions: Provide an explanation for any "Yes" response. Upload a copy of any applicable orders or supporting documents in NMLS.
<input type="checkbox"/>	N/A	<input type="checkbox"/>	Method of Doing Business: Upload a proposed method of doing business (e.g. use of sub-servicer, in-State office, mail, internet, etc.) and a list of all customer remittance methods that will be offered (e.g. check, wire transfer, ACH, pay-by-phone, etc.) to NMLS under the Business Plan option. To keep files uniform in NMLS, please name your document HI-Proposed Method of Doing Business .
<input type="checkbox"/>	N/A	<input type="checkbox"/>	Use of Sub-servicers: Please upload a written statement stating whether or not the company will or will not be using a sub-servicer. If the company utilizes sub-servicers, please upload the company's list of sub-servicers directly to NMLS under the Business Plan option. To keep files uniform in NMLS, please name your document HI-Sub-servicers . <i>(Note: Unless exempt from licensing, Hawaii requires a sub-servicer to obtain a Hawaii Mortgage Servicer license).</i>
<input type="checkbox"/>	N/A	<input type="checkbox"/>	Physical Location: Upload a list of proposed physical location(s) from which Applicant intends to conduct business in the state of Hawaii and the name designated by Applicant for each location to NMLS under the Business Plan option. To keep the files uniform in NMLS, please name your document HI-Physical Location . See Chapter 454M-5(5) to see if the company requires a physical location.
<input type="checkbox"/>	N/A	<input type="checkbox"/>	Cost and Fees: Upload a complete, current schedule of the range of costs and fees that Applicant charges borrowers for its servicing-related activities to NMLS under the Business Plan option. To keep the files uniform in NMLS, please name your document HI-Cost and Fees .

FILED IN NMLS	ATTACHED	NOT APPLICABLE	HAWAII MORTGAGE SERVICER LICENSE
<input type="checkbox"/>	N/A	<input type="checkbox"/>	Certificate of Good Standing: Upload a current (no more than 60 days prior to the date of filing of application) certificate of good standing from the state of incorporation or formation. Applicants incorporated or formed in a jurisdiction other than the State of Hawaii must also submit a current (no more than 60 days prior to the date of filing of application) certificate of good standing in Hawaii, issued by the State of Hawaii's Business Registration Division.
<input type="checkbox"/>	N/A	<input type="checkbox"/>	Management Chart: Upload a management organizational chart showing the applicant's divisions, officers, and managers.
<input type="checkbox"/>	N/A	<input type="checkbox"/>	Organizational Chart/Description: For an Applicant other than an individual, provide a list of affiliations, (including any lenders or mortgagees for which Applicant provides services), identify all parents, affiliates and subsidiaries of Applicant. Include a description of all services Applicant provides to those listed; and upload a current organization flow chart that displays this information.

Hawaii DFI will review the filing and all required documents and communicate with you through NMLS. To review your status or see detailed communication from the regulator, click on the Composite View tab and then click on View License/Registration in NMLS see ([License Status Quick Guide](#)) for instruction.

WHO TO CONTACT – Contact Hawaii DFI licensing staff by phone at (808) 586-2820 or send your questions via e-mail to dfi-nmls@dcca.hawaii.gov for additional assistance.

THE APPLICANT/LICENSEE IS FULLY RESPONSIBLE FOR ALL OF THE REQUIREMENTS OF THE LICENSE FOR WHICH THEY ARE APPLYING. THE AGENCY SPECIFIC REQUIREMENTS CONTAINED HEREIN ARE FOR GUIDANCE ONLY TO FACILITATE APPLICATION THROUGH THE NMLS. SHOULD YOU HAVE QUESTIONS, PLEASE CONSULT LEGAL COUNSEL.

WILLIAMS MULLEN

Direct Dial: 804.420.6452
aclark@williamsmullen.com

April 16, 2015

MSR Task Force
Conference of State Bank Supervisors
1129 20th St, NW, 9th Floor
Washington, DC 20036

Dear Sir or Madam:

I am writing in response to the request for comments on the Conference of State Bank Supervisors' recently published "Proposed Regulatory Prudential Standards for Non-Bank Mortgage Servicers." Thank you for the opportunity to respond.

Although the goals behind these proposals are understandable, the standards fail to acknowledge that the market includes a significant number of smaller, niche servicers that would be unable to meet the proposed capital requirements, and thus may be forced out of business. In the proposal, these increased capital requirements are justified, almost dismissively, as the same standard proposed for Fannie and Freddie servicers. On behalf of my mortgage servicer clients, I remind you that not all mortgage servicers are agency servicers, and are thus not subject to that proposal.

Some smaller servicers either service or sub-service loans for small banks, housing agencies, non-profits and the like, and not for the agencies. In many cases, these small servicers do not originate loans, and often do not own the mortgage servicing rights to these loans. They do not need excess capital to accommodate investor repurchase demands. While state law capital requirements vary, many require a net worth at or near \$250,000 in order to obtain a mortgage servicer license. Mandating a 10-fold increase in the net worth requirement would be devastating to many of these small businesses.

Since the proposal requested comments to specific questions, please consider this letter as a response to question #7 – "Do any of the Baseline Standards threaten the viability of a servicer?" The answer to that question is clearly "yes." Small, non-agency servicers are not subject to the increased capital requirements proposed for the agencies, and have been operating largely without incident under the current far-lower state capital standards. This is especially true for servicers that were not the originators of the loans in their portfolio.

We would strongly suggest that the Baseline Standards include an exception to the proposed capital requirements for smaller, non-agency servicers that do not originate the loans in their servicing portfolio, and therefore have no repurchase risk. This "small servicer" exception should not mirror the "small servicer" definition in the Consumer Financial Protection Bureau's 2013 RESPA and TILA Mortgage Servicing Rules, as that exception only covers entities servicing 5,000 loans or less that the servicer itself originated. The 5,000 loan limit is too low, and limiting the exception to entities that service their own production eliminates any non-producing servicer or sub-servicer.

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In conclusion, we urge the CSBS to remember that small, niche servicers exist, and service a significant number of housing agency and non-profit mortgage loans. Mandating a \$2.5 million net worth will put most of these small servicers out of business, or force them to consolidate with larger industry participants. Create a meaningful exception for these servicers that will allow them to continue their high-quality and high-touch service to homeowners.

Thank you for the opportunity to comment, and should you have any questions please contact the undersigned.

Sincerely,

A handwritten signature in dark ink, appearing to read 'A. B. Clark', written in a cursive style.

Alan B. Clark