



NMLS Ombudsman Meeting
Hyatt Regency Miami
Miami, Florida
Regency Ballroom
2:00 - 5:00 p.m. Eastern
February 18, 2014

Agenda:

1. Sue Clark – Director, Regulatory and Consumer Affairs-Vermont Department of Financial Regulation; NMLS Policy Committee Chair; Acting NMLS Ombudsman
 - Ombudsman update
 - Update on previously submitted issues
2. Ellen Smith – Licensing Manager, Envoy Mortgage
 - Text of system generated notifications
 - Use of state checklists
 - Licensed MLO supervision of underwriters
 - Branch manager requirement for branch surrenders
3. Cindy Corsaro – Licensing Specialist, FirstKey Mortgage
 - Reporting test scores in NMLS notifications
 - Compiling deadlines for reports managed outside NMLS
 - Presentation of information on the NMLS Resource Center
 - Call center processes
4. Trish Lagodzinski – Senior Compliance Professional, Chartwell (Exhibit 1)
 - Enhanced reporting and uploading capability in NMLS
 - Licensing process
 - Renewal/Transition Process
 - Ongoing Reporting
5. Haydn Richards – Member, Dykema
 - Advance Change Notice policy and functionality in NMLS

6. Kristie Battershell – Director of Compliance, Quicken Loans
 - NMLS as the system of record
7. Amy Greenwood-Field – Counsel, Dykema (Exhibit 2)
 - Accuracy of state checklists
 - Alerts for changes to state checklists
8. Kathy Hurt – Vice President, Pulte Mortgage (Exhibit 3)
 - Multi-state examinations
9. Andrew Hall – Licensing Manager, Royal United Mortgage (Exhibit 4)
 - Portal for state licensed companies to access credit and criminal background reports prior to hire for MLOs
 - Individual watch list
 - Direct contact info for any regulator adding a license item/deficiency in the NMLS system and status requirements/timelines
 - License status use in NMLS
 - Availability of testing centers and appointments
10. Open Discussion

Tim Doyle
Senior Vice President
State Regulatory Registry LLC
Conference of State Bank Supervisors
1129 20th Street, NW
Washington, DC 20036

February 7, 2014

Dear Tim,

Thank you for inviting me to participate in the Ombudsman meeting at the Nationwide Mortgage Licensing System and Registry (NMLS) conference on February 18th in Miami, Florida.

I would like to bring to the attention of the Ombudsman the following issues related to document storage and uploading in the NMLS registry:

- (1) Enhancement of reporting, storage and uploading capabilities.
- (2) Expansion of the categories for Document Types.

Enhanced reporting, storage and uploading capability in NMLS

Enhanced features on NMLS for licensing, renewals, and ongoing reporting documentation would reduce the time, cost, and inconvenience of mailing documents to the states for money services business registration and renewal.

Licensing Process

Several states have requirements that documents are to be mailed during the license application process. Beyond the surety bonds, affidavits, and resolutions that require signatures and/or notarizations, some states have additional items that require mailing. For example, Pennsylvania has extensive license application requirements that must be submitted in hard copy including the Employee Manuals; Retail Agent Manuals; Policies and Procedures; Internal Audit Plan; Policies, Procedures, and Schedule; External Audit Reports; and other items that must be mailed to the state.

Renewal/Transition Process

During the renewal and transition processes, there are miscellaneous requests for documents to be mailed to the states. For example, Oklahoma and Louisiana request a hard copy renewal form be mailed to the state in addition to the NMLS renewal. During the transition to NMLS, Minnesota required that Fraud Prevention Measures be both uploaded and mailed.

Ongoing Reporting

There are ongoing miscellaneous interim reports, including sales data reports, unpaid/outstanding obligations, and other documentation. For example, Massachusetts MSB2, MSB3 and CORI requests must be mailed out as needed for agents, branches, and key employees.

Expanding the list of categories for Document Types

As more states transition to NMLS, there is an increased variety of state-specific documentation and reporting requirements. The NMLS Document Uploads Section contains a limited number of categories of documents for users to choose from. Users generally select Document Samples from the menu under Document Type as the default for the miscellaneous documentation uploads, which often leads to a large and cluttered field. Adding additional document categories would help organize the Document Uploads Section for users and regulators.

Agent Agreements, Agent Training Manuals, BSA/AML Compliance Manuals, Pro Forma Statements, financial statements for the parent(s) and affiliated companies other than the licensee, and sample receipts are examples of possible fields which are often required and uploaded under Document Type—Document Samples because there were no other categories to reflect these documents in the upload section.

Please let me know if you have any questions. Thank you again for inviting me to participate in the Ombudsman meeting at the upcoming NMLS Conference.

If you have any questions or concerns, please contact me at (301) 279-7278 or trishlagodzinski@chartwellcompliance.com.

Sincerely,

Trish Lagodzinski
Senior Compliance Professional



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February 12, 2014

Sue Clark
Acting NMLS Ombudsman
c/o Conference of State Bank Supervisors
1129 29th Street NW, 9th Floor
Washington, DC 20036

Re: NMLS Ombudsman Meeting Topic

Dear Ms. Clark:

As a recently former regulator, I would like to submit the following topics for discussion during the upcoming NMLS Ombudsman meeting in Miami, Florida: review of NMLS checklists, accuracy of information, and notification of updates posted.

I have been involved with NMLS since the system's launch and have heard general complaints regarding checklist accuracy in the past. During my tenure as a regulator, I did not have the opportunity (nor the time) to perform an in-depth review of other states' checklists. Now, as a non-regulator, I have the pleasure of reviewing all states' checklists for clients. Some states are doing an excellent job of telling industry what information they want submitted, but others are still missing some vital items.

I propose that regulators commit to at least an annual review of their own checklists to ensure that all the items the Regulator really wants submitted are clearly articulated on the checklists. (For example: fingerprint waiver forms, authorizations to release information, hard copies of checklists, and/or "outside of the system fees" are clearly identified). This review and articulation will assist both Regulators and Industry by significantly reducing the workload created by the back and forth discussion regarding what is missing from an initial submission. Industry relies on the checklists and would much rather submit required information up front and have the filings proceed smoothly throughout the regulator review process than delay the process by not submitting required vital items.



Sue Clark
February 12, 2014
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As a regulator, I also thought that NMLS was reviewing all checklists before they were posted for common spelling errors or to make sure that vital links were present, etc. However, I have since learned that I was mistaken. Therefore, I would suggest that Regulators have someone in the office that is familiar, but not intricately familiar, with the licensing process review the checklists for completeness.

As you review your checklists, I would ask that you also look at your fee collection processes. If your Agency does not need a hard copy check, then please consider invoicing those fees through the system after the filing is received by your office. From my experience, using the system's invoicing function saves time as the Agency does not have to externally receive, process and track the check. Additionally, using the invoicing function documents the processing through NMLS, thereby supporting the system's "one record" concept.

Finally, for NMLS, is there a way to subscribe to a notification when checklists change? The process to change checklists can be done overnight, without the applicant – who in some cases has been working on their documents for months – even knowing. Most agencies are understanding, but if there is a material change, it would be nice to have a notification process in place for those that wish to keep up to date.

I look forward to visiting about this topic with you in Miami.

Best regards,

DYKEMA GOSSETT PLLC

A handwritten signature in blue ink that reads "AGreenwood-Field". The signature is written in a cursive, flowing style.

Amy Greenwood-Field

PulteMortgage™

February 12, 2014

Dear Ms. Clark,

Pulte Mortgage LLC would like to submit the following question and would appreciate if it could be addressed during the NMLS Ombudsman meeting in Miami on February 18, 2014:

- **Are the states still doing multi state examinations since the CFPB exams are underway?**

Regards,



Kathy Hurt
Vice President
Compliance Manager

Cc: Kathy Bankert, SVP Quality Control and Compliance
Michael K. Sullivan, SVP General Counsel



ROYAL UNITED MORTGAGE

Hello again gentlemen,

This time around, I have a few separate items I'd like to see addressed at the upcoming Ombudsman session in Miami. I'll attempt to be as concise as possible with apologies if this gets a bit wordy.

1. Portal for State Licensed Companies to access credit and criminal background reports prior to hire for MLO's:

As a company, I assure we have the same agenda as regulators with regard to compliance, allowing us to assist from the start could be a win for everyone.

For instance, for employers to have a portal or to have a way to "run a candidate" through the system prior to making a hiring decision could assist in assuring those attempting to enter this business, or even those attempting to remain in the business are of the utmost quality. Having the ability to see exactly what would be submitted to each regulator at application would assure there are no surprises... and likely a much more swift application process as all documentation pertinent to items showing on either a criminal or credit check would already be gathered and submitted with the application. Additionally, there are privacy/ security issues potentially with individuals who choose to be less than honest with us when interviewing. As thorough as we attempt to be, something could ultimately slip through. We end up paying said individual for (x) amount of months while their applications are pending approval, only to find out they are not licensable due to something they failed to disclose and for whatever reason, we didn't find. Not only could we lose the money we paid out, we could lose much more in assuring the privacy of our customers and your residents. As such, we would certainly let the person go once this information came to light, however, having that information up front saves us from having to pay that person for 1-3 months and assures we don't allow someone access to information who has not been deemed worthy.

Of course I understand there would be a cost involved and potential disclosure(s) to applicants etc. Although I can't speak for the industry as a whole, I can assure with certainty that myself and my organization would be completely on board and willing to absorb reasonable costs as well as provide these disclosures if it made this industry even a little bit more secure and potentially saved us from wasting time/ effort/ or money on individuals that haven't the character and/or financial fitness to be in this industry.

Adding a watch list or blacklist could be an avenue as well. Individuals who have issues that would restrict them from becoming/ remaining licensed could be housed and remain on the list until such time they become licensable so that potential employers could search to assure they are not on this list prior to bringing someone on board. Furthermore, if an individual has been terminated by a state licensed company for violation of anything relating to industry regulations, having that knowledge would be most helpful.

2. Direct contact info for any regulator adding a license item/ deficiency in the NMLS system + status requirements /timelines:

Having direct access to whoever is requesting information from an applicant would allow users to reach out, even submit electronically anything that the regulator is requesting. Adding a clickable link or just simply visible contact information as opposed to just simply a username for whoever is looking for documents or information allows the affected individual and/or company to more efficiently provide the requested info or reach the person directly in order to gain clarity on what exactly they need. Utilizing this with a secure and speedy method of delivery would be optimal. It seems simple, if you are requesting something, please tell that individual what you need and how to reach you directly... unfortunately that's not happening universally. Some states are wonderful, some are horrific. I've seen instances where a regulator is requesting something from an applicant and all we have is a username (SmithB for example) with little or unclear direction on what they want or what the preferred or most efficient method of delivery is.

Ill tie this in with universal status updates/ timelines and use of status's within NMLS. Pending-deficient doesn't mean the same thing to every state. Pending-incomplete doesn't mean the same thing. Most states use these statuses quite uniquely. Having a key or grid to know exactly where an application is in the process universally as well as mandating reasonable timelines (NY!!!) to process an application or move an application from one status to the next would greatly improve efficiency as less users will be calling and/or emailing asking why their applications isn't approved. As a licensing manager for my company, I make clear to all of our MLO's that they are not to bother regulators unless something is requested directly of them. I do this to reduce headaches, reduce phone calls and emails and hopefully allow for as much efficiency as possible on the state's side. That said, there are times I'm pulling my hair out because I have no direction on what is needed or what to truly expect.

3. Prometric (come on... one vendor!)

Enough said. I can talk for days and days as to why this is ridiculous. Even in a market as big as ours (Indianapolis) we have only two Prometric sites within a reasonable distance, 2 ... that's it. There are times (as Prometric doesn't only cater to the mortgage industry) where entire months are blocked out for scheduling a test. Are we expected as a company to organize our new hire classes around when I can get them scheduled for a test... that isn't 2 hours drive away and is completely unpredictable? We should never have an instance where we have a new hire knock out their 20 hr PE, then have to tell them they can either drive 2 hours or wait a month to take the test. As sad as it is, I've had that conversation... more than once! In addition, and having been to several NMLS/ Aarmr events, I've yet to meet a Prometric representative to voice my frustrations. Why is that?

Is there a remedy in sight?

4. Follow up on agenda item presented at the Aarmr conference in Denver

Just curious as to what has been done thus far in response to my NMLS Consumer Access piece presented at Aarmr in Denver. I hadn't heard much in the way of follow up. Is this still on the table for review or has the issue been temporarily or permanently sent out to pasture?

Any updates here would be appreciated.

Thank you again to all for allowing us in the industry to voice our concerns/ complaints/ and praises. I believe it truly does allow all of us to take off our tunnel vision blinders and see this ever changing industry from all angles.

Regards,



Andrew Hall, Royal United Mortgage LLC