



INDIVIDUAL DISCLOSURE EXPLANATIONS

Company and individual users of NMLS must provide *Disclosure Explanations* for any *Disclosure Question* with a 'Yes' response, and may provide explanations for 'No' responses. An Explanation is intended to provide regulators with additional information necessary for the proper evaluation of a license application. An Explanation can only be used to provide information for a single 'event' (e.g. court order, regulatory action, civil settlement). If users have multiple events that require disclosure, they should complete multiple Explanations. The third section of this Reference Guide provides additional guidance for individuals who must disclose multiple events and/or answer multiple disclosure questions with a 'Yes' response.

NOTE: Any Explanation and related material, once attested to and submitted, can be amended or replaced, but the original submission will always remain part of the company or individual's historical record in NMLS. It cannot be completely removed from the company or individual record in NMLS. Please carefully review any Explanation prior to attestation and submission.

Each Explanation is comprised of the following information:

Brief Description of Explanation – A brief statement describing what event the Explanation relates to (e.g. "Felony", "Cease and Desist Order").

Disposition – The current status of the event for which the Explanation is being provided. You can choose from a drop down menu including the following options: Pending, On Appeal, Final, Open, Closed, or Other. If you select 'Other', a *Disposition Description* must be provided.

Event Explanation Detail (4,000 character limit) – Provide a detailed description of the event including the date. This field must be completed in order to submit an Explanation. If you chose to provide a supporting document that contains all relevant details, you will need to upload that document as a PDF (see **Supporting File** below) and provide some form of an explanation in this field. The explanation provided should be specific to the event you are describing related to the disclosure question. The explanation should provide regulators with enough information regarding the event in order for them to complete their review.

Provide the requested information regarding the event resulting in a "Yes" response to one or more disclosure questions below. The explanation for a single event can be associated to more than one disclosure question, if applicable. Do not provide an explanation for more than one event in the Explanation field. View the [Disclosure Explanation Reference Guide](#) for more information about entering disclosure explanations.

Event Explanation Detail	
Brief Description of Explanation:	<input type="text"/>
Disposition:	<input type="text"/>
Event Explanation Detail (Required):	<input type="text"/>
Provide Description only if Disposition is 'Other':	<input type="text"/>

Applicable Questions – Select the checkbox next to the disclosure question(s) with "Yes" responses related to the Explanation you have provided. A single Explanation can be associated to one or more questions and multiple Explanations can be associated to a single question.

Applicable Questions		
Check the box(es) next to the appropriate disclosure question(s) below that apply to the explanation you are providing.		
Explanation Provided For	Current Response:	Question(s)
		Regulatory Action
<input type="checkbox"/>	Yes	(K) Has any State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever: (1) found you to have made a false statement or omission or been dishonest, unfair or unethical?
<input type="checkbox"/>	Yes	(8) issued a final order against you based on violations of any law or regulations that prohibit fraudulent, manipulative, or deceptive conduct?

Supporting File – You may upload any applicable supporting documentation by browsing for the document on your computer. Supporting documentation should include official documents that relate to an event, i.e. court order, disposition, administrative action. Documents that are already uploaded in the Regulatory Action section do not need to be uploaded again and can be referenced in the explanation section, i.e. “See [State] Consent Order dated mm/dd/yy”. These documents must be related to the specific event you are explaining. Do not combine documents related to multiple events into a single Supporting File. Only a single PDF can be uploaded for an event. If you have multiple documents for a single event, you should combine them into a single PDF file. A PDF file is not required by the system in order to submit an Explanation, though your regulator may subsequently require provision of some form of documentation. Examples of documents may include: Criminal or Civil Court Documents, Administrative Orders, and other public documents. Please contact your regulator if you have specific questions regarding what documents should be provided.

Supporting File
You can include a supporting PDF file (not exceeding 8 MB) with this explanation by clicking Browse, selecting the file, and clicking Save. Only one file is allowed per explanation. If you have multiple documents they must be combined in a single file. Only documents related to the event described above should be included in the file.
File: <input type="text"/> <input type="button" value="Browse"/>

A separate Explanation should be provided for each event resulting in a ‘Yes’ response to a disclosure question. In addition, a single Explanation can be associated to one or more disclosure questions. See the following Examples below regarding how Explanations can be entered in NMLS:

[Example One – One ‘Yes’ Response, One Event](#)

[Example Two – One ‘Yes’ Response, Two Events](#)

[Example Three – Two ‘Yes’ Responses, One Event](#)

[Example Four – Adding an Explanation for a ‘No’ Response](#)

[Example Five – Amending or Deleting an Explanation](#)

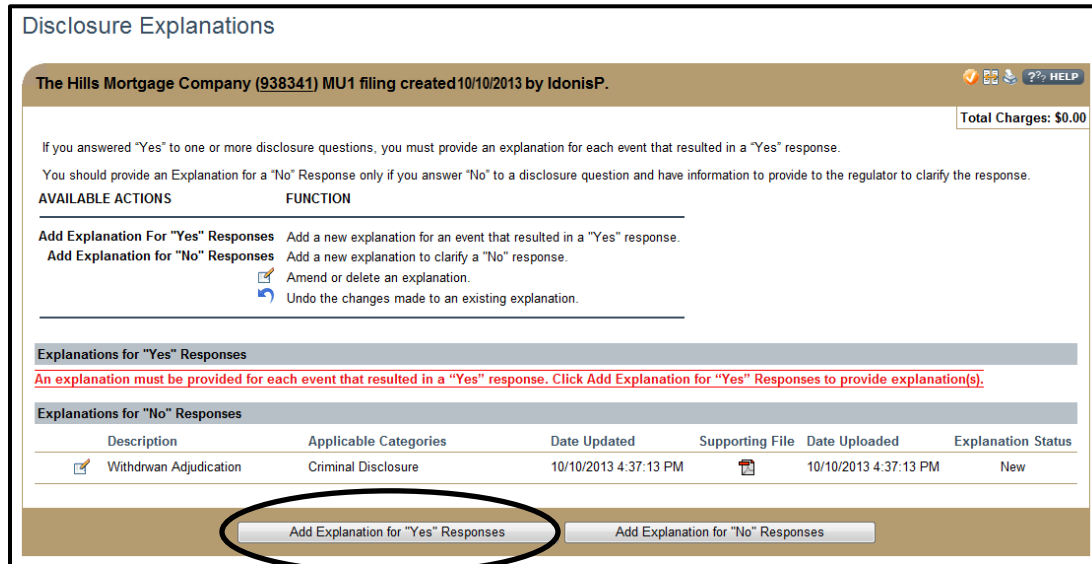
Once you have completed the remainder of the filing or are ready to submit be sure to do so through the Attest and Submit section.

Please contact your state regulator with any questions regarding interpretation of disclosure questions or the content of explanations. Contact the NMLS Call Center at 1-855-NMLS-123 (1-855-665-7123) for assistance with any technical issues related to disclosure explanations that may be preventing submission of your filing.

EXAMPLE ONE – One ‘Yes’ Response, One Event

An individual has been named in financial services-related consumer-initiated civil litigation (Event). The lawsuit was settled for some amount. In NMLS, the Individual would need to answer Question (P)(3), related to certain civil litigation, ‘Yes’. If the Individual chooses to explain this response in NMLS, he or she would complete an Explanation for the event as follows:

Step 1 – Click **Add Explanation for “Yes” Responses** on *Disclosure Explanations* page.



Disclosure Explanations

The Hills Mortgage Company (938341) MU1 filing created 10/10/2013 by IdonisP. HELP

Total Charges: \$0.00

If you answered “Yes” to one or more disclosure questions, you must provide an explanation for each event that resulted in a “Yes” response.

You should provide an Explanation for a “No” Response only if you answer “No” to a disclosure question and have information to provide to the regulator to clarify the response.

AVAILABLE ACTIONS	FUNCTION
Add Explanation For “Yes” Responses	Add a new explanation for an event that resulted in a “Yes” response.
Add Explanation for “No” Responses	Add a new explanation to clarify a “No” response.
	Amend or delete an explanation.
	Undo the changes made to an existing explanation.

Explanations for “Yes” Responses

An explanation must be provided for each event that resulted in a “Yes” response. Click Add Explanation for “Yes” Responses to provide explanation(s).

Explanations for “No” Responses

Description	Applicable Categories	Date Updated	Supporting File	Date Uploaded	Explanation Status
Withdrawn Adjudication	Criminal Disclosure	10/10/2013 4:37:13 PM		10/10/2013 4:37:13 PM	New

Add Explanation for “Yes” Responses **Add Explanation for “No” Responses**

Step 2 – Provide *Brief Description of Explanation* for the event.

Step 3 – Provide *Disposition* for the event. If “Other”, also provide *Disposition Description*.

Step 4 – Provide *Explanation Detail* for the event.

Step 5 – Check box next to Question (P)(3) for the event.

Step 6 – Click **Browse** and select supporting file from your computer for the event.
(Supporting file should be provided only if applicable.)

Step 7 – Click Save.

Total Charges: \$0.00

Provide the requested information regarding the event resulting in a "Yes" response to one or more disclosure questions below. The explanation for a single event can be associated to more than one disclosure question, if applicable. Do not provide an explanation for more than one event in the Explanation field. View the [Disclosure Explanation Reference Guide](#) for more information about entering disclosure explanations.

Event Explanation Detail

Brief Description of Explanation: **Step 2**

Disposition: **Step 3**

Provide Description only if Disposition is 'Other':

Event Explanation Detail (Required):

Provide explanation of event here.

Step 4

Applicable Questions

Check the box(es) next to the appropriate disclosure question(s) below that apply to the explanation you are providing.

Explanation Provided For	Current Response:	Question(s)
<input checked="" type="checkbox"/>	Yes	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?

Supporting File

You can include a supporting PDF file (not exceeding 8 MB) with this explanation by clicking Browse, selecting the file, and clicking Save. Only one file is allowed per explanation. If you have multiple documents they must be combined in a single file. Only documents related to the event described above should be included in the file.

File: **Step 6**

Step 7

EXAMPLE ONE – One ‘Yes’ Response, One Event (page 3)


Final Result:



The Explanation is listed on the *Disclosure Explanations* list page for the event.


Disclosure Explanations

Total Charges: \$0.00

If you answered "Yes" to one or more Disclosure Questions, you must click **Add** to provide an explanation for each event that resulted in a "Yes" response. You should provide a separate explanation for each event. Explanations for "No" responses cannot be provided through NMLS.

Disclosure explanations previously provided are listed below. Click  to edit or delete existing explanations.

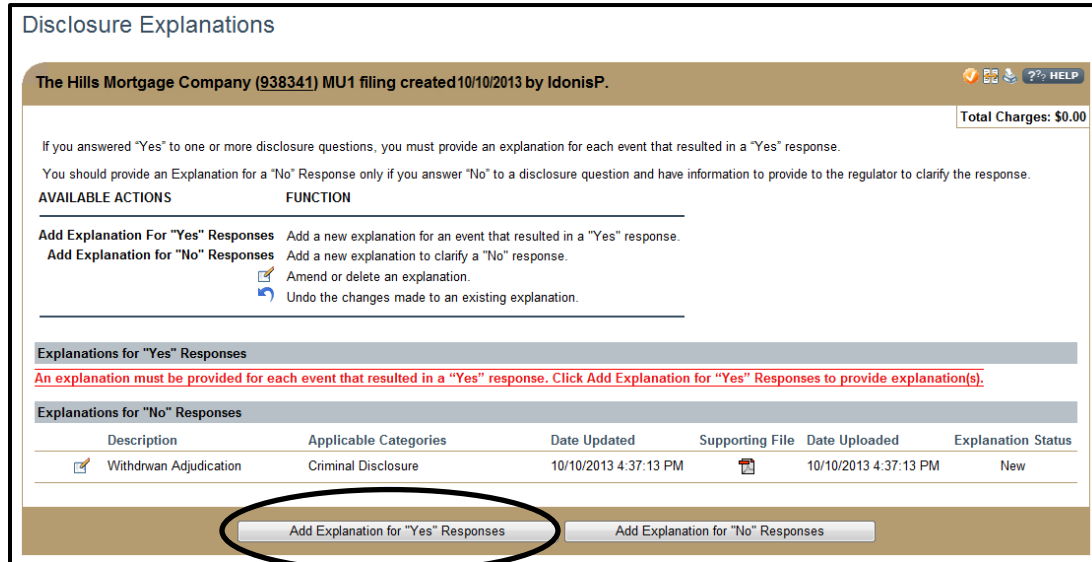
Description	Applicable Question(s)	Date Updated	Supporting File	Date Uploaded
 Event	P(3)	4/11/2012 10:47:43 AM		4/11/2012 10:47:46 AM

To Update or Delete an Explanation: An Explanation may be updated or deleted by clicking  next to the Explanation. However, previously submitted versions of the Explanation will be viewable in *Historical Filings* even after the Explanation is updated or deleted.

EXAMPLE TWO – One ‘Yes’ Response, Two Events

An individual has twice previously been named in financial services-related consumer-initiated civil litigation (Event 1 and Event 2). Both lawsuits were settled for some amount. In NMLS, the Individual would need to answer Question (P)(3), related to certain civil litigation, ‘Yes’. If the Individual chooses to explain this response in NMLS, he or she would complete a separate Explanation for each event as follows:

Step 1 – Click **Add Explanation for “Yes” Responses** on *Disclosure Explanations* page.





Disclosure Explanations

The Hills Mortgage Company (938341) MU1 filing created 10/10/2013 by IdonisP. Total Charges: \$0.00

If you answered "Yes" to one or more disclosure questions, you must provide an explanation for each event that resulted in a "Yes" response.
You should provide an Explanation for a "No" Response only if you answer "No" to a disclosure question and have information to provide to the regulator to clarify the response.



AVAILABLE ACTIONS FUNCTION

Add Explanation For "Yes" Responses Add a new explanation for an event that resulted in a "Yes" response.
Add Explanation for "No" Responses Add a new explanation to clarify a "No" response.
 Amend or delete an explanation.
 Undo the changes made to an existing explanation.

Explanations for "Yes" Responses

An explanation must be provided for each event that resulted in a "Yes" response. Click Add Explanation for "Yes" Responses to provide explanation(s).

Explanations for "No" Responses

Description	Applicable Categories	Date Updated	Supporting File	Date Uploaded	Explanation Status
 Withdrawn Adjudication	Criminal Disclosure	10/10/2013 4:37:13 PM		10/10/2013 4:37:13 PM	New

Add Explanation for "Yes" Responses Add Explanation for "No" Responses

Step 2 – Provide *Brief Description of Explanation* for Event 1.

Step 3 – Provide *Disposition* for Event 1. If “Other”, also provide *Disposition Description*.

Step 4 – Provide *Explanation Detail* for Event 1.

Step 5 – Check box next to Question (P)(3) for Event 1.

Step 6 – Click **Browse** and select supporting file from your computer for Event 1.

(Supporting file should be provided only if applicable.)

Step 7 – Click Save.

Total Charges: \$0.00

Provide the requested information regarding the event resulting in a "Yes" response to one or more disclosure questions below. The explanation for a single event can be associated to more than one disclosure question, if applicable. Do not provide an explanation for more than one event in the Explanation field. View the [Disclosure Explanation Reference Guide](#) for more information about entering disclosure explanations.

Event Explanation Detail

Brief Description of Explanation: **Step 2**

Disposition: **Step 3** Provide Description only if Disposition is 'Other':

Event Explanation Detail (Required): **Step 4**

Provide explanation of event here.

Applicable Questions

Check the box(es) next to the appropriate disclosure question(s) below that apply to the explanation you are providing.

Explanation Provided For	Current Response:	Question(s)
<input checked="" type="checkbox"/>	Yes	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?

Supporting File

You can include a supporting PDF file (not exceeding 8 MB) with this explanation by clicking Browse, selecting the file, and clicking Save. Only one file is allowed per explanation. If you have multiple documents they must be combined in a single file. Only documents related to the event described above should be included in the file.

File: **Step 6**

Step 7

Step 8 – Complete Steps 1 – 7 for Event 2.

EXAMPLE TWO – One ‘Yes’ Response, Two Events (page 3)

Final Result:


A separate Explanation is listed on the *Disclosure Explanations* list page for each event.





Disclosure Explanations




Total Charges: \$0.00

If you answered "Yes" to one or more Disclosure Questions, you must click **Add** to provide an explanation for each event that resulted in a "Yes" response. You should provide a separate explanation for each event. Explanations for "No" responses cannot be provided through NMLS.

Disclosure explanations previously provided are listed below. Click  to edit or delete existing explanations.

Description	Applicable Question(s)	Date Updated	Supporting File	Date Uploaded
 Event 1	P(3)	4/11/2012 10:52:17 AM		4/11/2012 10:47:46 AM
 Event 2	P(3)	4/11/2012 10:52:49 AM		4/11/2012 10:52:51 AM

Add

To Update or Delete an Explanation: An Explanation may be updated or deleted by clicking  next to the Explanation. However, previously submitted versions of the Explanation will be viewable in *Historical Filings* even after the Explanation is updated or deleted.

EXAMPLE THREE – Two ‘Yes’ Responses, One Event

An individual was found by a State regulator to have been dishonest, unfair or unethical (Regulatory Finding). In NMLS, he or she may need to answer questions (K)(1) and (K)(8), both related to dishonest or deceptive conduct, ‘Yes’. If the individual chooses to explain these responses in NMLS, he or she would complete an Explanation for the event as follows:

Step 1 – Click **Add Explanation for “Yes” Responses** on *Disclosure Explanations* page.

Disclosure Explanations

The Hills Mortgage Company (938341) MU1 filing created 10/10/2013 by IdonisP. Total Charges: \$0.00

If you answered "Yes" to one or more disclosure questions, you must provide an explanation for each event that resulted in a "Yes" response.

You should provide an Explanation for a "No" Response only if you answer "No" to a disclosure question and have information to provide to the regulator to clarify the response.

AVAILABLE ACTIONS	FUNCTION
Add Explanation For "Yes" Responses	Add a new explanation for an event that resulted in a "Yes" response.
Add Explanation for "No" Responses	Add a new explanation to clarify a "No" response.
	Amend or delete an explanation.
	Undo the changes made to an existing explanation.

Explanations for "Yes" Responses

An explanation must be provided for each event that resulted in a "Yes" response. Click Add Explanation for "Yes" Responses to provide explanation(s).

Explanations for "No" Responses

Description	Applicable Categories	Date Updated	Supporting File	Date Uploaded	Explanation Status
Withdrawn Adjudication	Criminal Disclosure	10/10/2013 4:37:13 PM		10/10/2013 4:37:13 PM	New

Add Explanation for "Yes" Responses Add Explanation for "No" Responses

Step 2 – Provide *Brief Description of Explanation* for the Regulatory Finding.

Step 3 – Provide *Disposition* for the Regulatory Finding. If “Other”, also provide *Disposition Description*.

Step 4 – Provide *Explanation Detail* for the Regulatory Finding.

Step 5 – Check box next to Questions (K)(1) and (K)(8) for the Regulatory Finding.

Step 6 – Click **Browse** and select supporting file from your computer for the Regulatory Finding.

(Supporting file should be provided only if applicable.)

Step 7 – Click Save.

Total Charges: \$0.00

Provide the requested information regarding the event resulting in a "Yes" response to one or more disclosure questions below. The explanation for a single event can be associated to more than one disclosure question, if applicable. Do not provide an explanation for more than one event in the Explanation field. View the [Disclosure Explanation Reference Guide](#) for more information about entering disclosure explanations.

Event Explanation Detail
Brief Description of Explanation: **Step 2**
Disposition: **Step 3** Provide Description only if Disposition is 'Other':
Event Explanation Detail (Required): **Step 4**

Applicable Questions
Check the box(es) next to the appropriate disclosure question(s) below that apply to the explanation you are providing.

Explanation Provided For	Current Response:	Question(s)
<input checked="" type="checkbox"/>	Yes	(1) been convicted of or pled guilty or nolo contendere ("no contest") in a domestic, foreign, or military court to any felony?
<input checked="" type="checkbox"/>	Yes	(2) been charged with any felony?

Supporting File
You can include a supporting PDF file (not exceeding 8 MB) with this explanation by clicking **Browse**, selecting the file, and clicking **Save**. Only one file is allowed per explanation. If you have multiple documents they must be combined in a single file. Only documents related to the event described above should be included in the file.

explanation.pdf uploaded on 6/12/2012 11:25:51 AM **Step 6**

File: **Step 7**

EXAMPLE THREE – Two ‘Yes’ Responses, One Event (page 3)


Final Result:



The Explanation is listed on the *Disclosure Explanations* list page for the Regulatory Finding.


Disclosure Explanations

Total Charges: \$0.00

If you answered "Yes" to one or more Disclosure Questions, you must click **Add** to provide an explanation for each event that resulted in a "Yes" response. You should provide a separate explanation for each event. Explanations for "No" responses cannot be provided through NMLS.

Disclosure explanations previously provided are listed below. Click  to edit or delete existing explanations.

Description	Applicable Question(s)	Date Updated	Supporting File	Date Uploaded
 Regulatory Finding	K(1) , K(8)	4/11/2012 11:08:56 AM		4/11/2012 11:08:58 AM

To Update or Delete an Explanation: An Explanation may be updated or deleted by clicking  next to the Explanation. However, previously submitted versions of the Explanation will be viewable in *Historical Filings* even after the Explanation is updated or deleted.

EXAMPLE FOUR – Adding an Explanation for a ‘No’ Response

Step 1 – Click **Add Explanation for “No” Responses** on *Disclosure Explanations* page.

Disclosure Explanations

The Hills Mortgage Company (938341) MU1 filing created 10/10/2013 by IdonisP. HELP

Total Charges: \$0.00

If you answered “Yes” to one or more disclosure questions, you must provide an explanation for each event that resulted in a “Yes” response.

You should provide an Explanation for a “No” Response only if you answer “No” to a disclosure question and have information to provide to the regulator to clarify the response.

AVAILABLE ACTIONS	FUNCTION
Add Explanation For “Yes” Responses	Add a new explanation for an event that resulted in a “Yes” response.
Add Explanation for “No” Responses	Add a new explanation to clarify a “No” response.
	Amend or delete an explanation.
	Undo the changes made to an existing explanation.

Explanations for “Yes” Responses

“Yes” explanations are not permitted if there are not any associated “Yes” responses to disclosure questions.

Add Explanation for “Yes” Responses Add Explanation for “No” Responses

Step 2 - Complete all required fields as shown below.

Step 3 - Check all *Applicable Disclosure Questions Category*.

Step 4 - Click **Browse** to locate Supporting file in PDF and then click **Open**. (optional)

Step 5 - Click **Save**.

NOTE: Text for the *Event Explanation Detail* may be proofed by clicking the **Spell Check** icon below the textbox.

Disclosure Explanation for "No" Response(s)

John Alvarado (44617) MU4 filing created 4/25/2014 by JohnP4.

HELP

Total Charges: \$0.00

 This filing was created more than 60 days ago. Please review the information and ensure that it is accurate before you submit.

Provide the requested information regarding the event related to one or more "No" responses. The explanation for a single event can be associated to more than one disclosure question category, if applicable. Do not provide details for more than one disclosable event in the Explanation fields below, including the Supporting File Upload. View the [Disclosure Explanation Reference Guide](#) for more information about entering, amending, or deleting disclosure explanations.

Event Explanation Detail

Brief Description of Explanation:

Event Explanation Detail (Required):



Applicable Disclosure Question Category

Check the box(es) next to the appropriate disclosure question category that applies to the explanation you are providing.

Explanation Provided For	Category
<input type="checkbox"/>	Financial Disclosure
<input type="checkbox"/>	Criminal Disclosure
<input type="checkbox"/>	Civil Judicial Disclosure
<input type="checkbox"/>	Regulatory Action
<input type="checkbox"/>	Customer Arbitration/Civil Litigation Disclosure
<input type="checkbox"/>	Termination Disclosure
<input type="checkbox"/>	NMLS or SRR Testing Rules of Conduct Disclosure

Supporting File

You can include a supporting PDF file (not exceeding 8 MB) with this explanation by clicking **Browse**, selecting the file, and clicking **Save**. Only one file is allowed per explanation. If you have multiple documents they must be combined in a single file. Only documents related to the event described above should be included in the file.

File:

Repeat steps to add additional explanations.

EXAMPLE FIVE – Amending or Deleting an Explanation

Amend or Delete an Explanation:



Step 1 - From the *Disclosure Explanations* screen, click the **Edit** icon to the right of the explanation.

Disclosure Explanations



The Hills Mortgage Company (938341) MU1 filing created 10/10/2013 by IdonisP. HELP

Total Charges: \$0.00



If you answered "Yes" to one or more disclosure questions, you must provide an explanation for each event that resulted in a "Yes" response.
You should provide an Explanation for a "No" Response only if you answer "No" to a disclosure question and have information to provide to the regulator to clarify the response.

AVAILABLE ACTIONS	FUNCTION
Add Explanation For "Yes" Responses	Add a new explanation for an event that resulted in a "Yes" response.
Add Explanation for "No" Responses	Add a new explanation to clarify a "No" response.
	Amend or delete an explanation.
	Undo the changes made to an existing explanation.

Explanations for "Yes" Responses

Description	Applicable Question(s)	Date Updated	Supporting File	Date Uploaded	Explanation Status
 Cease and Desist	C(1), C(4)	10/15/2013 10:50:48 AM		10/15/2013 10:40:28 AM	Amended

Explanations for "No" Responses

Description	Applicable Categories	Date Updated	Supporting File	Date Uploaded	Explanation Status
 Withdrawn Adjudication	Criminal Disclosure	10/15/2013 10:40:52 AM		10/10/2013 4:37:13 PM	Existing

Step 2 - Click either **Amend** or **Delete**.

Step 3 - If amending, enter the updated information, *Amendment Reason*, and click **Save**.

Step 4 - If deleting, enter *Reason for Deleting the Explanation* (required) and click **Save**.

Undo Changes to an Existing Explanation:

Step 1 - From the *Disclosure Explanations* screen, click the **Undo** icon to the right of the explanation.

Disclosure Explanations

The Hills Mortgage Company (938341) MU1 filing created 10/10/2013 by IdonisP.

HELP


Total Charges: \$0.00


If you answered "Yes" to one or more disclosure questions, you must provide an explanation for each event that resulted in a "Yes" response.

You should provide an Explanation for a "No" Response only if you answer "No" to a disclosure question and have information to provide to the regulator to clarify the response.


AVAILABLE ACTIONS

FUNCTION

 Add Explanation For "Yes" Responses Add a new explanation for an event that resulted in a "Yes" response.

 Add Explanation for "No" Responses Add a new explanation to clarify a "No" response.

 Amend or delete an explanation.

 Undo the changes made to an existing explanation.

Explanations for "Yes" Responses

Description	Applicable Question(s)	Date Updated	Supporting File	Date Uploaded	Explanation Status
 Cease and Desist	C(1) , C(4)	10/15/2013 10:50:48 AM		10/15/2013 10:40:28 AM	Amended

Explanations for "No" Responses

Description	Applicable Categories	Date Updated	Supporting File	Date Uploaded	Explanation Status
 Withdrawn Adjudication	Criminal Disclosure	10/15/2013 10:40:52 AM		10/10/2013 4:37:13 PM	Existing

Add Explanation for "Yes" Responses

Add Explanation for "No" Responses

Step 2 - Click **OK** to confirm you want to undo changes.