

Uniform NMLS Licensing Forms and Mortgage Call Report

Request for Public Comments

Proposal 2013-3

October 11, 2013 – November 11, 2013

The State Regulatory Registry invited public comments on the proposed changes to the Uniform NMLS Licensing Forms and Mortgage Call Report during a public comment period from October 11, 2013 to November 11, 2013. One individual or organization submitted comments during the comment period.

The comments are contained in this document as received, without editing. Comments received in email format were copied exactly as submitted and pasted in the comments section of the table with the submitting individual's name and company displayed. Comments received as an email attachment or via USPS are displayed as submitted in their original format. These comments are noted in the table and numbered accordingly as attachments.

Comments are listed in the order received. Comments received without full name or contact information are not included.

The Forms Working Group and Mortgage Call Report Working Group will review the comments and make recommendations to the [NMLS Policy Committee](#). The NMLS Policy Committee, after consultation with all participating NMLS state regulatory agencies will make final approvals for any changes to the Forms and MCR and publicly respond to comments received.

NMLS

Uniform NMLS Licensing Forms and Mortgage Call Report- Public Comments – October to November 2013

#	Date	Name & Company	Comments
1	11/12/2013	Costas Avrakotos K&L Gates	See Attachment 1

November 12, 2013

Via E-Mail comments@stateregulatoryregistry.org

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

Re: Comments as to Changes to Uniform NMLS Licensing Forms

Dear Mr. Doyle:

We are writing to the Conference of State Bank Supervisors ("CSBS") to comment on the changes that will be made to the uniform NMLS Company, Branch, and Individual Licensing Forms ("Forms"). We appreciate the opportunity to provide our comments, and trust they will be beneficial to CSBS and to users of the NMLS.

We had an opportunity to comment on some of these changes when they initially were proposed, and it is satisfying to know that some of our comments were well received. Upon review of the changes in the Forms that have been adopted, we offer the following comments:

- **Revised Activity** - The change from "Reverse Mortgage Originations" to "Reverse Mortgage Activities" provides a better description to NMLS users as to the activities conducted by an applicant.
- **Collect Other Trade Names on Company and Branch Forms by Agency and not by State** - We believe the Other Trade Name Filing ("OTN") requirements as they exist in the NMLS are unclear, and at times misleading. However, we limit our comments to the changes set out in the CSBS October 11, 2013 Request for Public Comments ("Request for Comments"). The Request for Comments indicates that the NMLS will "[c]ollect other trade names on Company and Branch Forms by Agency and not by State. This will allow states to better approve, track and identify trade names within their jurisdiction and permit companies to better comply with specific requirements of a particular licensing authority."

As many of the state agencies regulate multiple license types, including within the same industry, we believe it would provide better guidance if the OTN filings were separated by license type and not by the state agency. This would further clarify for both state regulators and industry the license by which an entity will conduct business under an OTN. For example, several states issue separate licenses for mortgage broker activities and for mortgage lender activities. By having the option to indicate which license type will use the OTN, and not merely which Agency or State, state regulators should be better prepared to

approve, track and identify trade names within their jurisdiction, and companies would be better able to comply with specific requirements of a particular licensing authority.

- **Allow more than one branch manager per industry on Branch Form** - We have advocated for this change in our comments to CSBS and at Ombudsman sessions for the last few CSBS/NMLS and AARMR conferences. We believe this is a very positive change that will benefit companies with branch office locations that are licensed nationwide. The unexpected loss or departure of a branch manager has often caused an interruption in a licensee's authority to conduct licensable mortgage finance activities from licensed branch offices. Such an interruption in the authority of licensee to conduct licensable activities from the branch harms not only the licensed company and its mortgage loan originator employees, but also the borrowers who may be working with the mortgage loan originator in the branch office. This change will allow licensees to conduct their activities through licensed branch offices far more smoothly than exists today.
- **Ability to collect high school or equivalent information on Individual Form** - We understand only the state of Florida presently requires high school information, including graduation or GED year, to be submitted for an MLO. To date, this information has been submitted outside of the NMLS. As such, we believe amending the MU4 to subject MLO's in other states that are not seeking an MLO license in Florida to provide high school information is an unnecessary change at this time. In an effort to satisfy Florida's desire to collect this information through the NMLS, and not subject every MLO in the NMLS to providing high school or equivalent information, we propose that such information be included as a field that is triggered for display in the Identifying Information section of the MU4 by selecting a Florida license type. Regulators also could verify time in school for younger MLO's by viewing their employment history. As such information goes back 10 years, any MLO 28 and younger would most likely include time in school in the 10 year employment section of the MU4. Moreover, for those MLOs who list a post-high school degree in their Individual Information Form, it should be self evident that they hold a high school degree or GED.
- **Add the word "proceeding" to disclosure question E on the Company Form to provide greater clarity to the question and to make the terminology the same as contained in the Individual Disclosure Form** - This is another change that we have advocated, and are pleased to see that it is being adopted. We believe this is a positive change which helps to clarify the question, and provides uniformity with a similar question on the Individual Disclosure Form.

When Question E was amended on April 24, 2012 to require disclosure of a pending regulatory action involving certain alleged violations of the entity or control affiliate, it was unclear as to what matters needed to be reported, or what may constitute a regulatory action. Going from a regulatory proceeding to a regulatory action broadened the scope of matters that had to be reported, well beyond those that had been reportable, or that had to be reported under the existing statutes or regulations. Since April 24, 2012 when this change was made, questions have been raised by licensees as to whether every exam, inquiry, preliminary investigation, notice of intent to investigate, allegation, or informal administrative action had to be reported. Returning this question to what previously had been asked shows that the disclosure question is limited to those as matters that rise to the level of a proceeding, as defined in the NMLS Guidebook, and that not every inquiry or action by a state alleging a violation is reportable. More guidance and clarity is needed with respect to the NMLS regulatory disclosure questions, but this change is a good start.

We trust our comments are useful to CSBS. We again would like to express our gratitude for being provided the opportunity to comment. Should you have any questions regarding any of our comments, please contact me at (202) 778-9075 or via e-mail at costas.avrakotos@klgates.com.

Sincerely



Costas A. Avrakotos