



Request for Public Comments **Uniform NMLS Licensing Forms and Mortgage Call Report**

May 1, 2015

On behalf of the state regulatory agencies participating in NMLS¹, the State Regulatory Registry LLC² (SRR) invites public comments on:

1. The uniform NMLS Company, Branch, and Individual Licensing Forms (“Forms”) developed by state regulators and used by states through NMLS; and
2. 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. With each revision of the Forms since 2008, achievement of this goal has been furthered, as is evidenced by the significant reduction in the items on state specific checklists over time.

¹ Information about NMLS can be found at <http://mortgage.nationwidelicencingsystem.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.nationwidelicencingsystem.org/SAFE/NMLS%20Document%20Library/SAFE-Act.pdf>

Background

Uniform NMLS Licensing Forms

The Forms were initially created through monthly in-person meetings coordinated by the Conference of State Bank Supervisors (CSBS)⁴ and the American Association of Residential Mortgage Regulators (AARMR)⁵ over a two-year period starting in 2005.

Based upon regulator experience and industry input, the Forms were finalized and published in January 2007. These finalized forms were built into NMLS with minor changes in January 2008, coinciding with the launch of NMLS.

This current Request for Comments on the Forms is the fourth time the NMLS Licensing Forms have been put out for public comment.

In November 2008, SRR invited [public comments](#)⁶ on the Forms. SRR received 63 comments and implemented eight major changes to the Forms based on those comments. NMLS was updated to reflect these [changes to the Forms on January 25, 2010](#).⁷

In January 2011, SRR invited [public comments](#)⁸ on the Forms, particularly to accommodate the expanded use of NMLS by state regulators to manage non-mortgage financial services licenses on the system. SRR received comments from 16 companies or individuals during this comment period and implemented 28 major changes to the Forms based on the comments. NMLS was updated to reflect these [changes to the Forms on April 16, 2012](#).⁹

In April 2013, SRR invited [public comments](#)¹⁰ on the Forms, including whether the list of business activities and corresponding definitions are sufficient, comprehensive and accurately capture the activities entities engage in during a term of licensure. Additionally, commenters were asked to provide input on how the questions or content of the Forms can be improved to accommodate non-mortgage financial services licenses in NMLS. SRR received comments from 31 companies or individuals during this comment period and implemented 3 major changes to the Forms based on the comments. NMLS was updated to reflect these [changes to the Forms on March 31, 2014](#).¹¹

⁴Information about the Conference of State Bank Supervisors can be found at <http://www.csbs.org/Pages/default.aspx>

⁵Information about the American Association of Residential Mortgage Regulators can be found at <http://www.aarmr.org/>

⁶The public comment document can be found at <http://mortgage.nationwidelicencingsystem.org/news/Pages/ProposalsforComment.aspx>

⁷The updated forms can be found at <http://mortgage.nationwidelicencingsystem.org/licensees/resources/LicenseeResources/MU%20Form%20Changes%20for%20Implementation%20Jan%202010.pdf>

⁸The 2011 public comment document can be found at <http://mortgage.nationwidelicencingsystem.org/news/ProposalsForComment/2011-1-MU-Forms-Request-for-Comments.pdf>

⁹The 2012 changes to the forms can be found at <http://mortgage.nationwidelicencingsystem.org/licensees/resources/LicenseeResources/Form%20Change%20Overview%20April%202012.pdf>

¹⁰The 2013 public comment document can be found at <http://mortgage.nationwidelicencingsystem.org/news/ProposalsForComment/Licensing%20Forms%20and%20MCR%20Request%20for%20Comments%20April%202013%20FINAL.pdf>

¹¹The 2014 changes to the forms can be found at <http://mortgage.nationwidelicencingsystem.org/licensees/resources/LicenseeResources/Forms%20MCR%20Changes%20Public%20Document%20March%202014.pdf>

NMLS Mortgage Call Report

The MCR is a quarterly report of condition an entity submits through NMLS. These quarterly reports are comprised of two parts: the state-level “Residential Mortgage Loan Activity Report” and the entity level “Financial Condition Report.”

The SAFE Act, which became effective July 30, 2008, required NMLS to develop a mortgage call report that mortgage licensees must submit through the system:

“MORTGAGE CALL REPORTS-Each mortgage licensee shall submit to the Nationwide Mortgage Licensing System and Registry reports of condition, which shall be in such form and shall contain such information as the Nationwide Mortgage Licensing System and Registry may require [12 USCA §5104(e)].”

In addition to meeting SAFE Act requirements, state regulators intend the MCR to be sufficient enough to replace state specific reporting and uniform in order to enhance transparency and oversight of state licensed mortgage brokers, lenders, and servicers.

State regulators held conference calls with state and national trade associations in December 2008 to brief the associations on the proposed SAFE Act Implementation Plan, including the MCR provisions.

A working group of state regulators commenced in June 2009 to develop the MCR and accompanying policies. In March 2010, SRR invited [public comment](#)¹² on the proposed MCR. SRR received 88 comments during this comment period and published a final version of the MCR in November 2010. The MCR was implemented in NMLS in May 2011. In October 2012, the MCR was modified based on initial input and experiences from industry and state regulators.

In April 2013 SRR invited [public comments](#)¹³ on the MCR. After review of the comments, the MCR Working Group and the [NMLS Policy Committee](#)¹⁴ proposed specific changes to the MCR and solicited additional public comment for 30 days in October 2013. Due to industry concerns raised during the comment period, state regulators postponed significant changes to the MCR.

In October 2014 SRR invited [public comments](#)¹⁵ on the MCR surrounding the definition of “application”, the addition of Qualified Mortgage fields, the addition of nationwide servicing and new state specific servicing fields, and the addition of fields to capture changes in

¹² The 2010 MCR public comment document can be found at <http://mortgage.nationwidelicensingsystem.org/news/ProposalsForComment/Public%20Comment%20Request%20for%20NMLS%20Call%20Report.pdf>

¹³ The 2013 MCR public comment document can be found at <http://mortgage.nationwidelicensingsystem.org/news/ProposalsForComment/Licensing%20Forms%20and%20MCR%20Request%20for%20Comments%20April%202013%20FINAL.pdf>

¹⁴ A current roster of the NMLS Policy Committee can be found at <http://mortgage.nationwidelicensingsystem.org/about/Documents/MLPC%20Committee%20List.pdf>

¹⁵ The 2014 MCR public comment document can be found at <http://mortgage.nationwidelicensingsystem.org/news/ProposalsForComment/Proposal%202014-2.pdf>

application amount. 35 commenters provided input on the content and timing of the proposed changes and the MCR was updated on April 1, 2015 in [Release 2015.1](#)¹⁶ to reflect such changes.

Request for Public Comments

On behalf of the state regulatory agencies using NMLS, SRR is seeking comments from the public on the content of the Forms and the Mortgage Call Report as they are represented in NMLS. All responses will be reviewed by the NMLS Licensing Forms Working Group or the Mortgage Call Report Working Group.¹⁷

In addition to any general comments on the Forms or Mortgage Call Report, SRR is particularly interested in input on the following six questions:

1. As state agencies continue to expand their use of NMLS to manage license authorities beyond the mortgage industry to include consumer finance, debt, and money service businesses, should NMLS continue to utilize the standardized licensing forms for all license authorities or move towards more forms that are modified based on business activities, license authority, or industry?
2. 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. Should NMLS reconsider the Standard and Expanded MCR concept 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?
3. In keeping with the goal 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, what fields should be added to the Residential Mortgage Loan Activity (RMLA) and the Financial Condition (FC) components to further reduce state's need for additional reports externally from the System?
4. State regulators have proposed a definition of *application*¹⁸ that is currently slated to become effective in the first quarter of 2016 for the NMLS Mortgage Call Report. This

¹⁶ The 2015.1 MCR Enhancements can be found at <http://mortgage.nationwidelicensingsystem.org/slr/common/mcr/NMLS%20Document%20Library/MCR%20Modifications%20Summary%20FV4.pdf>

¹⁷ State regulator members of both working groups are listed in Appendix A.

¹⁸ 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 initial1003; (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.

definition is the result of public comment periods in 2014 and discussions with industry members and state regulators. Does the definition of *application* provide the necessary detail to successfully identify the requirements for reporting on the NMLS Mortgage Call Report?

5. The Financial Condition (FC) component of the NMLS Mortgage Call Report is based on the Mortgage Bankers Financial Reporting Form (MBFRF) but this form 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. Do you have specific suggestions to improve the information collected on the FC?
6. On a biennial basis, the NMLS Policy Committee undertakes a review of the Forms and the MCR after receiving input from participating state agencies and inviting public comment. The purpose is to update the Forms and MCR to provide better information to state regulators and to make improvements in the use of NMLS to support these changes. Should the Forms and the MCR be on different maintenance schedules to reduce industry impact associated with the changes?

Comments are requested to be limited to the content and use of the Forms and the Mortgage Call Report.

For those without access to NMLS, the Forms and the Mortgage Call Report, including policies and requirements, can be found here:

[Uniform Licensing Forms and Business Activity Definitions](#)¹⁹
[Mortgage Call Report Fields and Definitions](#)²⁰

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 regulator working groups will consult with industry representatives including the SRR Industry Advisory Council and Industry Development Working Group during the comment evaluation period. The recommendations for proposed changes from the regulator groups will be sent to the NMLS Policy Committee for evaluation and approval or rejection.

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

¹⁹ The Uniform Licensing Forms and Business Activity Definitions can be found at <http://mortgage.nationwidelicencingsystem.org/slr/common/policy/Pages/default.aspx>

²⁰ The Mortgage Call Report Fields and Definitions can be found at <http://mortgage.nationwidelicencingsystem.org/slr/common/mcr/Pages/default.aspx>

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: June 1, 2015

SRR will provide 30 days for public comments on the Forms and the Mortgage Call Report.

SRR expects to publish the proposed changes to the Forms and the Mortgage Call Report in the third quarter of 2015 and provide an additional 30-day public comment period on the proposed changes. SRR expects to integrate these changes into NMLS in the second quarter of 2016.

Addendum A

Mortgage Call Report 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
James Keiser	Pennsylvania Department of Banking and Securities
Daniel Kline	Idaho Department of Finance
Timothy Knopp	Pennsylvania Department of Banking and Securities
Rick St. Onge	Washington Department of Financial Institutions
Scott Peter	Nebraska Department of Banking and Finance
Tracy Hudson	West Virginia Division of Financial Institutions
Ryan Walsh	Pennsylvania Department of Banking and Securities

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