



## ***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,<sup>1</sup> the State Regulatory Registry LLC<sup>2</sup> (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”)<sup>3</sup>, 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)<sup>4</sup> for adoption.

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

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

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

<sup>4</sup> 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:

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<http://mortgage.nationwidelicencingsystem.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 | MLO 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 (8) (855-665-7123) (8)

## 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 sandbar.

**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"/> <del>Reverse mortgage activities</del>
<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	

**Callout Box:** 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, there is a "HELP ?" button. Below the title bar, a "Total Charges: \$0.00" box is visible. The main instruction reads: "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)." Below this, there are checkboxes for "Primary Company" and "Primary Consumer Complaint (Regulator)". Input fields for "First Name:" and "Last Name:" are present. A section titled "\*\*FOR NON-PRIMARY CONTACTS ONLY\*\*" instructs to "Select at least one Industry Type, Area of Responsibility and State". Under "Industry Type(s)", there are checkboxes for Mortgage, Debt, Consumer Finance, and Money Services. Under "Area(s) of Responsibility:", there are checkboxes for Accounting, Exam Billing, Licensing, Consumer Complaint (Public), Exam Delivery, Litigation, Consumer Complaint (Regulator), Legal, and Pre-Exam Contact. The "Annual/Call Report" checkbox is highlighted with a red box and a red arrow points to it. Below this is the "State(s):" section with a grid of checkboxes for various states including Alabama, Alaska, Arizona, Arkansas, California, Colorado, Connecticut, Delaware, District of Columbia, Florida, Georgia, Guam, Hawaii, Idaho, Illinois, Indiana, Iowa, Kansas, Kentucky, Louisiana, Maine, Maryland, Massachusetts, Michigan, Minnesota, Mississippi, Missouri, Montana, Nebraska, Nevada, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Puerto Rico, Rhode Island, South Carolina, South Dakota, Tennessee, Texas, US Virgin Islands, Utah, Vermont, Virginia, Washington, West Virginia, and Wyoming. At the bottom, there are "Save" and "Cancel" buttons.

#### 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,  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, threatened, or actual 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 ██████ of ██████ (Applicant) on this date ██████ 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: 12/31 (MM/DD)

If publicly traded, please insert stock symbol:

Formation State: California

Formation Country / Province: United States

Formation Date:

Legal Status: Corporation

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

**Business Trust**  
**General Partnership**  
**Limited Partnership**  
**Trust (statutory)**

If Legal Status is Other, then briefly describe:

Effective Date:  (MM/DD/YYYY)

## 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, there is a 'HELP ?' button. Below the title bar, a 'Total Charges: \$0.00' box is visible. The main instruction reads: 'Provide your employment information below. The 'To' field should be left blank if you are entering your current employer.' The form fields include: 'Employer (company name):', 'From: (MM/YYYY)', a checkbox for 'Check here if this is your current employer.', 'To: (MM/YYYY)' with the note 'Do not enter a To date if this is your current employer.', 'Position Held: (no abbreviations)', 'Address:' (multiple lines), 'City:', 'State:' (dropdown), 'Country / Province:' (dropdown), and 'Postal Code:'. At the bottom, there are radio buttons for 'Is the employment financial services-related?' (Yes/No) and 'Save' and 'Cancel' buttons. A red arrow points from a box labeled 'New drop-down:' to the 'To:' field. The box contains the following list: Employed, Incarcerated, Military Service, Retired, Self-Employed, Student, Unemployed, Other.

## Current View of NMLS Consumer Access

**Thomas Thomas Thomas**

NMLS ID: 1234	Phone: (401) 123-4567	Fax: (401) 123-4567
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Other Names <sup>?</sup> : 12345678	Prior Other Names <sup>?</sup> : None	Prior Legal Names <sup>?</sup> : None
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State Regulatory Actions <sup>?</sup>: None posted in NMLS.

### Employment

Authorized to Represent <sup>?</sup> : 12345678901234567890	Engaged in other businesses <sup>?</sup> : No
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[\[-\] Hide Self Reported Employment History](#)

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

### Office Locations <sup>?</sup>

Company	NMLS ID	Type	Street Address	City	State	Zip Code	Start Date	Go to Location <sup>?</sup>
12345678901234567890	1234	Main	1234567890	Newport	RI	02880	01/17/2014	<a href="#">Go to Location <sup>?</sup></a>

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

Regulator <sup>?</sup>	Lic/Reg Name	Authorized to Conduct Business <sup>?</sup>	Consumer Complaint <sup>?</sup>	[+] View All Details
Alabama	Mortgage Loan Originator License	Yes	<a href="#">Submit to Regulator</a>	<a href="#">[+] View Details</a>

## 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. On the left, a navigation sidebar lists various sections, with four items highlighted in red: 'Resident/Registered Agent', 'Approvals and Designations', 'Bank Accounts', and 'Qualifying Individuals'. The main content area is titled 'Business Activity Wizard' and shows 'Step 1: Select Business Activities'. It includes a 'Total Charges: \$0.00' indicator, instructions for selecting activities, and a list of checkboxes for various business activities under 'Mortgage' and 'Consumer Finance' categories.

**Business Activity Wizard** (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 sandbar.

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

**Mortgage**

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

**Consumer Finance**

- Payday lending - storefront
- Payday lending - online
- 1031 exchange companies
- 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	<b>Total QM and Non-QM</b>	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	<b>Total Loans</b>	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 MSR

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

Click **Add New** to provide information regarding Loans Serviced Under MSR 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 (#)
<b>No information regarding Loans Serviced Under MSR has been provided.</b>					

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

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

## **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 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.

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](mailto: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 20<sup>th</sup> St NW, 9<sup>th</sup> Floor  
Washington, DC 20036

**Comment submission deadline: August 20, 2015**

**Addendum A**

**NMLS Licensing Forms Working Group**

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**NMLS MCR Working Group**

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