NMLS Release 2013.1 - Release Notes

Scheduled for Release: March 18, 2013

The purpose of these Release Notes is to provide a summary of system enhancements included in NMLS Release 2013.1.

Roadmap enhancements targeted for Release 2013.1 are as follows:

- **Agency Fee Invoicing:** This functionality will allow state agencies to invoice licensees for various fees through NMLS. Licensees can pay agency invoices through the current NMLS payment process.
- **Authorized Agent Management:** Money transmitters will have the ability to submit periodic reports regarding authorized agents to regulators through NMLS. This functionality will assist regulators with the supervision and monitoring of money transmitters and their authorized agents.
- **Implementation of Uniform State Test Content:** NMLS is being updated to allow state regulators to adopt the newly created National Test Component with Uniform State Content in lieu of existing State-specific Test Components to satisfy the SAFE Test State Component Requirement. The new functionality will allow mortgage loan originators to enroll for and take the SAFE Mortgage Loan Originator Test – National Test Component with Uniform State Content and the SAFE Mortgage Loan Originator Test – Stand-alone Uniform State Content.
- **NMLS Consumer Access – Federal Disciplinary Actions:** NMLS Consumer Access will now include the display of self-reported disciplinary actions for federally registered mortgage loan originators. Disciplinary action information is comprised of details provided by a mortgage loan originator regarding yes responses to Disclosure Questions on an application for federal registration in the Federal Registry of NMLS.

Agency Fee Invoicing

SUMMARY: This functionality will allow state agencies to invoice licensees for various fees through NMLS. Licensees can pay agency invoices through the current NMLS payment process.

Invoice Creation and Management

State agencies will have the ability to invoice current, pending, and past company and individual licensees through this functionality. There are two options available for invoice entry: manual invoice entry or a bulk upload utilizing CSV upload functionality. State agency users will have the option to enter an Agency Invoice Number to link the invoice to another accounts receivable system and the option to add a PDF attachment with additional details of the charges. Regulators will be able to edit unpaid invoices to add/update the Agency Invoice Number and/or PDF attachment. Regulators will also have the ability to cancel an unpaid invoice. A new user role will be created for the entry and management of agency fee invoices. Account Administrators will have the role by default, and the role must be assigned to the appropriate users after the release.

Outstanding Invoice License Item

When an invoice is created, the system will place a license item on the license that is linked to the invoice. The external note of the license item will contain certain metadata from the invoice. State agency users will have the opportunity to modify the license item to add additional information. The license item will be cleared when a payment has been processed or the regulator cancels the invoice.

Invoice Display

Invoices will display for licensees in the Invoice sub-menu under the Home tab. The invoice display will be modified to include the agency that created the invoice and the due date of the invoice. Unpaid invoices will have a disclaimer about a potential convenience fee for payments made via credit card (see below).

Invoice Payment and Convenience Fees

Invoices will be paid through the current NMLS payment process. Invoices paid via credit card will be subject to a convenience fee, which will be added during the payment process. The convenience fee will be a percentage of the total invoice amount. Invoices paid via ACH are not subject to this convenience fee.

Notifications and Reports

New notifications and reports associated with agency fee invoicing are in the General Enhancements section below.

Authorized Agent Management

SUMMARY: Money transmitters will have the ability to submit periodic reports regarding authorized agents to regulators through NMLS. This functionality will assist regulators with the supervision and monitoring of money transmitters and their authorized agents.

Authorized Agent Upload

Licensees will be able to upload their authorized agent information via a CSV upload. Companies will provide specific information about the authorized agent such as legal name, EIN, physical and mailing addresses, contact person, and relationship history information. Companies will also indicate if the authorized agent operates in multiple states. Users will need to attest prior to submitting a file. All records in the file must pass validation prior to the file being accepted. When an authorized agent is uploaded, the physical address is validated and standardized using a third-party address validation service (AVS). This address is then paired with the EIN to create a unique authorized agent base record which is assigned a unique identifier. This unique identifier will be independent of the NMLS ID used for licensed entities and will be a 10-digit code beginning with 1110000001. The relationship history between these authorized agent records and licensees will be available in Composite View for Regulators. A new role will be created and assigned by default to Regulator users who currently have the Composite role when the release goes live. A new company user role will be created to manage authorized agent uploads. Company Account Administrators will have the role by default, but the role must be assigned to other company users after the release as appropriate.

Authorized Agent upload files will be required on a quarterly basis and enforced by license item. Companies can provide files on demand as some regulators may require files on a more frequent basis. Companies will initially upload all authorized agents, but in subsequent uploads they will submit only new authorized agents, those authorized agents whose information had changed, or authorized agents with a terminated relationship with the licensee. If there were no changes, there will be an option for users to attest that there were no changes.

Authorized Agent License Item

There will be a new license item created to alert companies that updated authorized agent information is required to be submitted. These license items will be system set quarterly and can also be set by regulators as they may require an upload file on a more frequent basis. The license item will be cleared upon submission of a fully validated authorized agent upload file or attestation that there are no additions or changes to report. License items can also be manually cleared by a Regulator.

Regulator Worklist

A Regulator worklist item will be generated once the authorized agent file is accepted or when a user attests that there are no additions or changes to report. This worklist item will be created for all regulators relevant to the licensee. Existing worklist item functionality will apply to these worklist Items.

Authorized Agent Management (cont'd)

Composite View

Regulators will have the ability to view authorized agent relationship history in Composite View. They will have the ability to search by the authorized agent's NMLS-assigned identifier, EIN, or legal name, as well as restrict the search for authorized agents physically located within their state. The authorized agent record will have an indication if the EIN is associated with a pending, transition requested, active, or terminated licensee. The system will display all companies for which an authorized agent has a relationship, regardless of the company's relevance to the regulator.

Notifications and Reports
New notifications and reports associated with the authorized agent functionality are summarized in the General Enhancements section below.

Implementation of Uniform State Test Content

SUMMARY: NMLS is being updated to allow state regulators to adopt the newly created National Test Component with Uniform State Content in lieu of existing State-specific Test Components to satisfy the SAFE Test State Component Requirement. The new functionality will allow mortgage loan originators to enroll for and take the SAFE Mortgage Loan Originator Test – National Test Component with Uniform State Content and the SAFE Mortgage Loan Originator Test – Stand-alone Uniform State Content.

Adoption and Availability of Uniform State Test

For any state regulator adopting the Uniform State Test, NMLS will replace the existing state-specific component with the Uniform State Test. For individuals holding a license or seeking licensure in a state that has adopted/may adopt the Uniform State Test:

- A Stand-alone Uniform State Test will be available for a limited time. Otherwise, the Uniform State Test will be delivered in conjunction with the National Component.
- The state-specific test will be delivered to satisfy any open enrollment paid for prior to the adoption of the Uniform State Test.
- The National Component will be delivered to satisfy any open enrollment paid for prior to the availability of the National Component with Uniform State Content.
- Eligibility for Uniform State Test enrollment will be determined by NMLS based on existing test results and open enrollments for the individual.
- The score for the Uniform State Test will be combined with the score for the National Component to determine a final SAFE Mortgage Loan Originator Test - National Component with Uniform State Content score.
- If a state regulator adopts the Uniform State Test, any individual who has an official passing score on the state's state-specific test will continue to be compliant with the state test component requirements for that regulator.

Additional information regarding the Uniform State Test and adopting state regulatory agencies can be found on the NMLS Resource Center.

Company Test Enrollment Changes

Companies will be able to select and pay for tests for a single mortgage loan originator (MLO) using one of three options: (i) Select by State – identify the state where a license request is to be submitted for the MLO and select from applicable tests; (ii) National Test – select the national test; or (iii) List of Eligible Tests – select from a list of tests the MLO is eligible to take. Companies will still be able to enroll a group of MLOs by test using the Group Enrollments by Test option.

Implementation of Uniform State Test Content (cont'd)

Individual Test Enrollment Changes

Individuals will be able to select and pay for tests using one of three options: (i) Select by State – identify the state where a license request is to be submitted and select from applicable tests; (ii) National Test – select the national test; (iii) List of Eligible Tests – select from a list of tests the individual is eligible to take.

Completeness Check/Warning Updates

- Existing warning messages regarding Pre-licensure Education and Testing compliance will be removed since NMLS allows states to control for compliance via completeness check at application.
- The completeness check for Testing Compliance will be updated to reflect the licenses an individual has not yet achieved compliance for instead of listing the test components.

Professional Requirements Tab <u>Renamed</u> – MLO Testing & Education

To better indicate functionality available under the Professional Requirements tab, the tab is being renamed MLO Testing & Education. References to that tab throughout the system and supporting documentation are being updated to reflect the new tab name.

Composite View

The View Testing Information screen will be updated to display Uniform State Test results. In addition, information regarding Failed Tests Replaced by Uniform State Test Results will be available through a link from the page.

Reports

Updates to Pre-Licensure Education and Testing Compliance/Non-compliance reports for Regulators and Companies are summarized in the General Enhancements section below.

NMLS Consumer Access – Federal Disciplinary Actions

SUMMARY: NMLS Consumer Access will now include the display of self-reported disciplinary actions for federally registered MLOs. Disciplinary action information is comprised of details provided by a mortgage loan originator regarding yes responses to Disclosure Questions on an application for federal registration in the Federal Registry of NMLS.

Changes to Individual Record Display

- *New Disciplinary Actions Indicator and Section* – A new disciplinary action indicator and section are being added to Consumer Access. The indicator will identify whether Disciplinary Actions exist for the individual and the section will provide details of any disciplinary actions. The indicator and section will always display for mortgage loan originators who have viewable federal mortgage loan originator registrations. The indicator will also display for individuals with viewable state licenses if they have reported a disciplinary action in NMLS. Finally, the section will display without the indicator for individuals that held an active federal registration and reported a disciplinary action in NMLS, but currently do not have a viewable federal registration or state license.
- The following self-reported disciplinary action fields will be displayed in Consumer Access: Action Type, Authority Type, Name of Authority, Date of Action, Disciplinary Action Detail, Applicable Questions and Supporting File. Disciplinary action information associated to a posted State Regulatory Action will reference information posted by the state regulator and displayed in Consumer Access.

System Text Updates

Text on the Disciplinary Action pages on the MU4R filing has been updated to indicate disciplinary action information will be made publicly available in NMLS Consumer Access.

General Enhancements

IMPORTANT INFORMATION REGARDING FORM VERSION UPDATES

Company and Branch Form Version Changes (State Context)

In advance of 2013.2 functionality related to Advance Change Notice, new form versions for the Company and Branch filings will be created in the 2013.1 release. Due to the nature of the enhancements, Company and Branch filings cannot be automatically upgraded to the new form version. Any pending filings at the time of the release will be retained in NMLS as read-only. Company users have the option to print out a copy of the filing for their records. The read-only filing must be deleted before a user can create a new pending filing for the company or branch. There will be no changes made to the individual forms and a form version upgrade is not necessary.

NOTIFICATIONS

New and Updated Notifications (State Context)

Agency Fee Invoicing
- The following system emails will be sent to company account admins and financial admins or to the individual licensees when an invoice is generated:
    - Invoice has been Generated (Company or Individual, nightly)
    - Invoice Cancelled (Company or Individual, real-time)
    - Invoice Due (Company or Individual, nightly), sent the morning the invoice is due
    - Invoice Past Due (Company or Individual, nightly), sent when the invoice is 30 days past due

Authorized Agent
- Two new subscribable notifications* related to the authorized agent upload:
    - Authorized Agent File Processing Complete (Company, real-time)
    - Authorized Agent File Processing Failed (Company, real-time)
- The existing notifications related to license items will apply to the newly created license items

*Subscribable notifications will be sent to Company Account Administrators unless other company users are designated as notification contacts for the new notifications using the Manage Notifications option under the Admin tab in NMLS.

General Enhancements

REPORTS

New and Updated Reports (State Context)

Authorized Agent
- *Authorized Agent Relationship Roster Report (Company)* – This new report will be available to company users with the Reports role and will include the data contained in the authorized agent upload file in addition to the authorized agent unique identifier and the date and time the authorized agent was initially uploaded and last updated. This report will contain only authorized agent information submitted by the company and will not display information about the authorized agent that has been submitted by another company. There will also be a filter to exclude authorized agents with a terminated relationship.
- *Authorized Agent Relationship Roster Report (Regulator)* – This new report will be available to regulator users with the Reports role and will include the data contained in the authorized agent upload file in addition to the authorized agent unique identifier, if the authorized agent is associated with multiple licensees, if the EIN of the authorized agent is associated with a company record in NMLS, as well as the date and time the authorized agent was initially uploaded and last updated. There will be a filter to exclude authorized agents with a terminated relationship, include only authorized agents physically located in the regulators state (selected by default), and include only authorized agents who operate in multiple states.

Agency Fee Invoicing
- *Agency Fee Invoice Management (Regulator)* – This new report will be available to regulator users with the reports role and will include the data contained on the agency fee invoice as well as payment information for the invoice. The report will also contain ageing categories for when the invoice created and when the invoice is due. The report can be run for invoices in an Unpaid, Paid, or Cancelled status as well as a report containing all three statuses.

General Enhancements

PE and Testing Non-Compliance Report (Regulator) – Updated Report
- *Filter Removed* – Compliance Type filter options (Pre-licensure, National, and State) are being removed. Instead, the report will display data for any MLO who is non-compliant with any requirement based on data available in the data warehouse on the date the report is requested.
- Report logic is being updated to look at Uniform State Test results to determine if an MLO should be included in the report as non-compliant.

PE and Testing Compliance Report (Regulator) – Updated Report
- *Filter Removed* – Compliance Type filter options (Pre-licensure, National, and State) are being removed. Instead, the report will display data for each MLO who has become compliant with one or more requirements since the user defined date.
- For regulators who have adopted the Uniform State Test, the report will be updated to reflect the earliest pass result an MLO has for: (i) either the National Component or the National with Uniform State Test for the national component requirement; and/or (ii) either the state-specific test or the National with Uniform State Test for the state component requirement.
- **NEW COLUMN –** A State Test Name Column will be added to identify the name of the test the MLO passed to become compliant with the State Test component requirement.
- Testing policy states that an MLO has not complied with the National or State Test component requirement until an official pass result has been reported to NMLS. The date being provided in the National Test Passed On and State Test Passed On columns prior to the release has been based on the date the test was taken. In order to coincide with testing policy, the report will be updated to reflect the date the pass result was reported to NMLS instead of the date the test was taken in these columns.

PE and Testing Non-Compliance Report (Company) – Updated Report
- *Filter Removed* – Compliance Type filter options (Pre-licensure, National, and State) are being removed. Instead, the report will display data for any MLO who is non-compliant with any requirement based on data available in the data warehouse on the date the report is requested.
- Report logic is being updated to look at Uniform State Test results to determine if an MLO should be included in the report as non-compliant.

General Enhancements

PE and Testing Compliance Report (Company) – Updated Report

- *Filter Removed* – Compliance Type filter options (Pre-licensure, National, and State) are being removed. Instead, the report will display data for each MLO who has become compliant with one or more requirements since the user defined date.
- For regulators who have adopted the Uniform State Test, the report will be updated to reflect the earliest pass result an MLO has for: (i) either the National Component or the National with Uniform State Test for the national component requirement; and/or (ii) either the state-specific test or the National with Uniform State Test for the state component requirement.
- The State Test Name column header label will be changed to Test Name. The column will now display the name of the test the MLO passed to comply with the National Test requirement in addition to the name of the test the MLO passed to comply with the State Test requirement.
- Testing policy states that an MLO has not complied with the National or State Test component requirement until an official pass result has been reported to NMLS. The date being provided in Effective Date column for National Test and State Test Compliance Types prior to the release has been based on the date the test was taken. In order to coincide with testing policy, the report will be updated to display the date the pass result was reported to NMLS in the Effective Date column. In addition, the Date Compliance Reported column header label will be changed to Date PE Compliance Reported OR Test Taken. As named, the column will display the date PE Compliance was reported to NMLS or the date the test was taken, as appropriate.

System Maintenance Updates

SCR Number	Category	Description	Context
273498	Company Form (MU1)	Company users receive an error when attempting to leave the Direct Owner & Executive Officers page after trying to modify a Direct Owner. The user will be prompted to save or cancel their changes prior to leaving the page.	State
274070	MLO Testing and Education	The Individual Listing for Group Enrollments by Test is incorrectly sorting the name column alphabetically by uppercase first then lowercase. Capitalization will no longer affect the sort order.	State
273314	Payment Processing	When the payment processor is unavailable, a default FINRA error message is displaying. The message will be updated to reference the NMLS Call Center.	State and Federal

System Maintenance Updates

SCR Number	Category	Description	Context
272397	Payment Processing	ACH returns for customer names containing special characters are not reflected as returns on NMLS. This is occurring because communication between NMLS and the payment processor are not utilizing the same character set. An update has been made to enforce utilization of the same character set.	State and Federal
273080	Regulator	The links available on the Tasks Tab and Home Tab for Regulators are displaying links that should be conditional based on user role. The links on these pages will only be displayed if the user has the designated roles.	State