



Company Disclosure Explanations

Overview/Policy

State regulators expect licensees and applicants to explain events that must be disclosed through a "Yes" response to any of the existing *Disclosure Questions*. In addition the expectation exists to clarify a "No" response. These explanations are to be submitted through NMLS. An explanation must be provided for each disclosure question that has a "Yes" response or clarifying a "No" response. A separate explanation should be provided for each event related to a disclosure question. A single explanation can be associated to multiple questions and multiple explanations may be provided if multiple events are related to a single question.

Each explanation allows a single PDF to be uploaded in support of the explanation. It is expected that this PDF will contain relevant official documentation related to the explanation (e.g., finding issued by a state regulatory agency, a court order, civil judgment)

NMLS requires all *Disclosure Questions* to be answered. An explanation may be provided for *Disclosure Questions* with a "Yes" or "No" response.

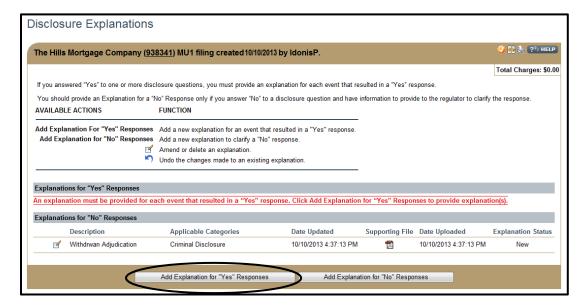
Definitions and Charts

Not Applicable

How To

Add Explanation for "Yes" Responses:

1. From the *Disclosure Explanations* screen, click **Add Explanation for "Yes" Responses**.

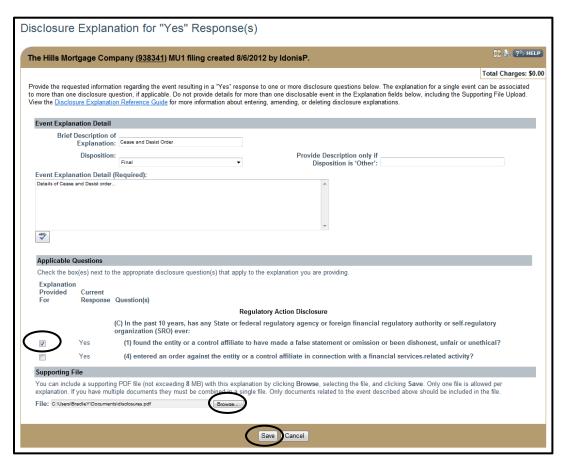






- 2. Complete all required fields.
- 3. Select all applicable disclosure question checkboxes.
- 4. (Optional) Click **Browse** to locate the supporting PDF file, then click **Open**.
- 5. Click Save.

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



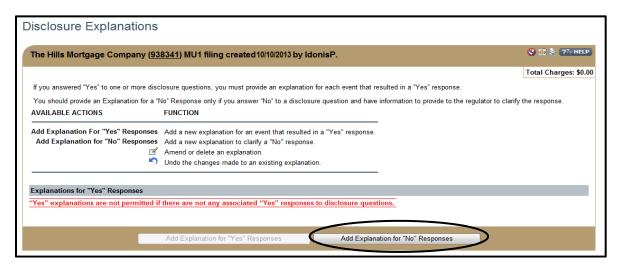
Repeat steps to add additional explanations.





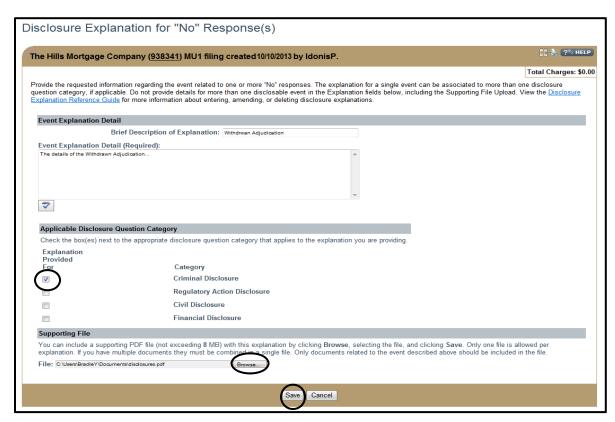
Add Explanation for "No" Response:

 From the *Disclosure Explanations* screen, click **Add Explanations for "No" Responses**.



- 2. Complete all required fields.
- 3. Select all Applicable Disclosure Questions Category checkboxes.
- 4. Click **Browse** to locate Supporting file in PDF and then click **Open**. (optional)
- 5. Click Save.

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



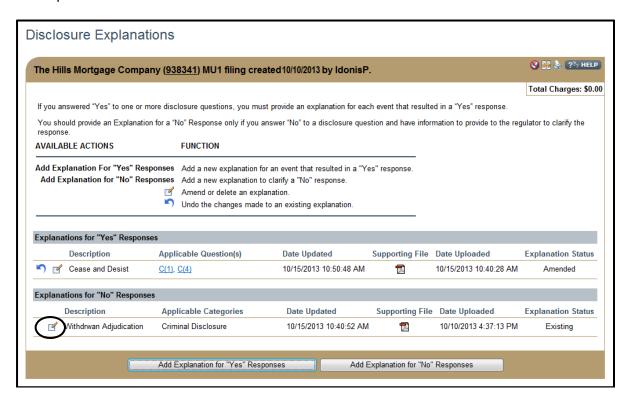




Repeat steps to add additional explanations.

Amend or Delete an Existing Disclosure Explanation:

1. From the *Disclosure Explanations* screen, click the **Edit** icon to the left of the explanation.



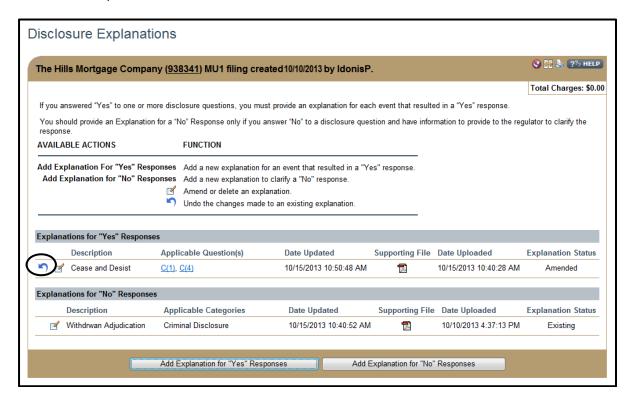
- 2. Click either Amend or Delete.
- 3. If amending, enter the updated information, *Amendment Reason (Required)*, and click **Save**.
- 4. If deleting, enter *Reason for Deleting the Explanation (Required)* and click **Save**.





Undo Changes to an Existing Explanation:

1. From the *Disclosure Explanations* screen, click the **Undo** icon () to the left of the explanation.



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

Helpful Hints

- All questions regarding the interpretation of *Disclosure Questions*, and whether certain events are covered by disclosure questions, should be directed to the state regulator. The **Add Explanation for "Yes" Responses** button will only become active if the user answers "Yes" to at least one disclosure question in the *Disclosure Questions* section.
- 2. Each *Disclosure Explanation* allows only one PDF to be uploaded. If there are multiple documents, please combine in a single PDF.
- 3. Do not combine documentation for multiple events into one file. If you need to explain multiple events, submit separate PDFs for each event. It is expected that each PDF will only contain documentation related to the specific event being explained.
- 4. Some states may require companies to provide an explanation and/or supporting documentation for previous "yes" responses or to clarify "No" responses. Consult state licensing requirements for this information.
- 5. One explanation can be associated to multiple questions if applicable.

Additional Resources:

State-Specific requirements





- Information Viewable on NMLS Consumer Access
- Quick Guide:
 - o Submitting Company Form (MU1)
 - o <u>Disclosure Explanations Reference Guide</u>

See Company and Branch Help <u>Table of Contents</u>