

Company Disclosure Questions

Overview/Policy

Any "Yes" response requires an explanation to be provided in the *Disclosure Explanations* section. While a licensee may have disclosed a "Yes" answer in a previous application, when transitioning a license onto NMLS the company will have to answer "Yes" again, if still relevant. Company users also have the option of providing further clarification for "No" answers in the *Disclosure Explanations* section.

When responding to questions regarding *Control Affiliates*, all current and former *Control Affiliates* for the last ten years must be disclosed.

Financial services related convictions entered by a municipal court (if the violation stems from a city ordinance and not necessarily from criminal code, for example) rather than a criminal court should generally be disclosed under the *Civil Disclosure* section of the disclosure questions.

Companies who in the normal course of business face multiple civil actions must respond affirmatively to the questions in F and G. An explanation stating this fact is required and further details related to specific cases may be required, including supporting documentation for each civil action. Please consult state licensing requirements to verify what information is required to be submitted through NMLS.

Definitions and Charts

The table below displays definitions for company filing terms:

<i>Affiliate</i>	An organization that is under common control with the applicant
<i>Applicant</i>	The entity applying or amending information on this form. The only instance in which the applicant is an individual is in the case of a sole proprietorship or applying for licensure through the Individual (MU4) Form.
<i>Charged</i>	Being accused of a crime in a formal complaint, information, or indictment (or equivalent formal charge).

<p><i>Control</i></p>	<p>The power, directly or indirectly, to direct the management or policies of a company, whether through ownership of securities, by contract, or otherwise. Any person that (i) is a general partner or executive officer, including Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Credit Officer, Chief Compliance Officer, director, and individuals occupying similar positions or performing similar functions; (ii) directly or indirectly has the right to vote 10% or more of a class of a voting security or has the power to sell or direct the sale of 10% or more of a class of voting securities; (iii) in the case of an LLC, Managing Member; or (iv) in the case of a partnership, has the right to receive upon dissolution, or has contributed, 10% or more of the capital, is presumed to control that company.</p>
<p><i>Control Affiliate</i></p>	<p>A partnership, corporation, trust, LLC, or other organization that directly or indirectly controls, or is controlled by, the applicant. This includes companies that are “up or down the ownership ladder.” In effect, this requires applicants to only disclose for relationships that go up (parent and grandparent) or those that go down (subsidiary) but not for those relationships that go sideways (brother and sister). An applicant or licensee must disclose for companies that “go up” the ownership “ladder” until reaching the last individual owner, a publicly-traded entity, or a bank or bank holding company regulated by a Federal banking regulator, such as the <i>Federal Reserve</i>, the <i>Office of the Comptroller of the Currency (OCC)</i>, the <i>Consumer Financial Protection Bureau (CFPB)</i> the <i>Federal Deposit Insurance Company (FDIC)</i>, or the <i>National Credit Union Association (NCUA)</i>.</p>
<p><i>Control Person</i></p>	<p>An individual (natural person) named that directly or indirectly exercises control over the applicant. (see definition of control)</p>
<p><i>Enjoined</i></p>	<p>Includes being subject to a mandatory injunction, prohibitory injunction, preliminary injunction, or a temporary restraining order.</p>
<p><i>Entity</i></p>	<p>A company, branch, or an individual with a record in the system.</p>
<p><i>Felony</i></p>	<p>For states that do not differentiate between a felony and a misdemeanor, a felony is an offense punishable by a sentence of at least one year imprisonment and/or a fine of at least \$1,000. The term also includes a general court martial. If your state already differentiates, use your state’s definition and label. An individual on probation would still be required to disclose. Consult state licensing requirements to determine whether or not an individual on probation for a felony is eligible for licensure in your state.</p>

<p><i>Foreign Financial Regulatory Authority</i></p>	<p>Includes (1) a financial services authority of a foreign country; (2) other governmental body empowered by a foreign government to administer or enforce its laws relating to the regulation of financial services or financial services-related activities; and (3) a foreign membership organization, a function of which is to regulate the participation of its members in financial services activities listed above.</p>
<p><i>Found</i></p>	<p>Includes:</p> <ul style="list-style-type: none"> • adverse final actions • consent decrees/orders in which the respondent has neither admitted nor denied the findings <p>Does not include:</p> <ul style="list-style-type: none"> • agreements • late fees • deficiency letters • examination reports • memoranda of understanding • letters of caution • admonishments, or • similar informal resolutions of matters <p>“Settlement” often falls under the “included” category like consent decrees and final actions. However, in jurisdictions that use “settlement” to be synonymous with “agreement” such settlements would fall under the “not included” batch with other agreements. One possibility that may be relevant in determining where a “settlement” fits in your jurisdiction is to the determination of whether it is a public record or not. In this analysis, if it is a public record then it should be included and if it is not a public record, it should not be included.</p>
<p><i>Involved</i></p>	<p>Doing an act or omission or aiding, abetting, counseling, commanding, inducing, conspiring with, or failing to reasonably supervise another in doing an act or omission.</p>
<p><i>Jurisdiction</i></p>	<p>A state, the District of Columbia, the Commonwealth of Puerto Rico, or any subdivision or regulatory body thereof.</p>

<i>Misdemeanor</i>	For states that do not differentiate between a felony and a misdemeanor, a misdemeanor is an offense punishable by a sentence of less than one year imprisonment and/or a fine of less than \$1,000. The term also includes a special court martial. If your state already differentiates, use your state's definition and label. (Also see "felony.") Company Form (MU1) Disclosure question (B)(1) is limited to "a misdemeanor involving: <u>financial services</u> or a <u>financial services-related business</u> or any fraud, false statements or omissions, theft or any wrongful taking of property, bribery, perjury, forgery, counterfeiting, extortion, or a conspiracy to commit any of these offenses" For purposes of disclosure questions in NMLS omit irrelevant misdemeanors, including, but not limited to, traffic violations, non-fraud related violations, etc.
<i>Order</i>	A written directive issued pursuant to statutory authority and procedures, including orders of denial, suspension, or revocation; does not include special stipulations, undertakings or agreements relating to payments, limitations on activity, or other restrictions unless they are included in an order. Orders include temporary and permanent <i>Cease and Desist Orders</i> . Orders that must be disclosed are limited in <i>Disclosure Question (C)(4)</i> to orders directed to applicant or control affiliate. See definitions of control affiliate to understand the extent of required disclosures in this regard.
<i>Person</i>	An individual, partnership, corporation, trust, LLC or other organization.
<i>Proceeding</i>	Includes a formal administrative or civil action initiated by a governmental agency, self-regulatory organization, or a foreign financial regulatory authority; a felony criminal indictment or information (or equivalent formal charge); or a misdemeanor criminal information (or equivalent formal charge). The term does not include other civil litigation, investigations, or arrests or similar charges affected in the absence of a formal criminal indictment or information (or equivalent formal charge).
<i>Self-Regulatory Organization (SRO)</i>	Non-governmental organization that has the authority or power to create and enforce industry regulations and standards.

How To

Complete Disclosure Questions:

1. Select the radio button that represents the answer for each question. All *Disclosure Questions* must be answered.

Disclosure Questions

The Hills Mortgage Company (938341) MU1 filing created 10/10/2013 by IdonisP. ? ? 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

Regulatory Action Disclosure

(C) In the past 10 years, has any State or federal regulatory agency or foreign financial regulatory authority or self-regulatory organization (SRO) ever:

(1) found the entity or a control affiliate to have made a false statement or omission or been dishonest, unfair or unethical? Yes No

(2) found the entity or a control affiliate to have been involved in a violation of a financial services-related regulation(s) or statute(s)? Yes No

(3) found the entity or a control affiliate to have been a cause of a financial services-related business having its authorization to do business denied, suspended, revoked or restricted? Yes No

2. Click **Save**.

Helpful Hints

1. Any "Yes" responses to disclosure questions require an explanation to be provided on the *Disclosure Explanations* screen.
2. Certain "No" responses that require further clarification may be provided on the *Disclosure Explanations* screen.
3. Any changes to the Company Form including *Disclosure Questions* should be updated promptly.
4. Updates from "Yes" to "No" and vice versa require updates to the *Disclosure Explanations* section.

Additional Resources:

- [State-Specific requirements](#)
- [Information Viewable on NMLS Consumer Access](#)
- Quick Guide:
 - [Submitting Company Form \(MU1\)](#)
 - [Disclosure Explanations Reference Guide](#)

See Company and Branch Help [Table of Contents](#)