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Policy

Identify all direct owners and executive officers. If the direct owner or executive officer is a natural person (individual), list their full legal name as first, middle, last, suffix, and provide their title and the percentage of ownership. All natural persons listed in the *Direct Owners and Executive Officers* section of the Company (MU1) Form are required to complete and submit the Individual (MU2) Form.

All individual direct owners and executive officers are required to have their own individual account in NMLS. The individual will need to go through the process to create an account in NMLS.

Review the definition of control when completing this section and include any individual or company that has control over the entity.

**Advance Change Notice**

Many states require currently approved companies to provide the regulator with advance notice before making changes to their direct owners or executive officers. An advance notification allows the regulator to review the change prior to its effective date and indicate to the licensee whether or not the proposed change is acceptable.

Not all states require an Advance Change Notice. Review the [Advance Change Notice Requirement Chart](#) and [State Amendment Checklist](#) prior to submitting a change to direct owners/executive officers.

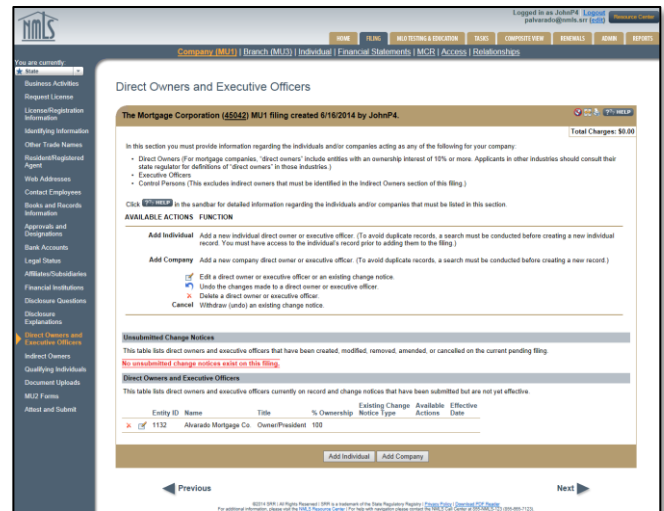


Figure 1: Direct Owners and Executive Officers

**Determining Control**

Control is determined in several ways, including:

1. Equity Owners – An entity or individual that, 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. In the case of a partnership, an entity or individual that has the right to receive upon dissolution or has contributed 10% or more of the capital is presumed to control that company.
2. Corporate Governance – As set out in the most recent Articles of Incorporation, Articles of Organization, or Partnership Agreement.
  - A) Board of Directors, Board of Managers, Member Manager, General Partner, or similar governing body

- B) President, Executive Vice President, Senior Vice President, Treasurer, Secretary, or similarly elected or appointed senior corporate officers
3. Functional Responsibility – Individuals, regardless of title, who have the power, directly or indirectly, to direct the management or policies of a company by contract or otherwise. Job description holds individual responsible for the operational, financial, information technology, compliance, and/or security functions of the company, including Chief Executive Officer, Chief Financial Officer, Chief Operations Officer, Chief Legal Officer, Chief Credit Officer, Chief Compliance Officer, and individuals occupying similar positions or performing similar functions. Other required individuals may include qualified persons, location supervisors, and branch managers.

**The following discussion will help companies decide who to include:**

### **Direct Owners**

Direct owners include any person that owns, beneficially owns, has the right to vote, or has the power to sell or direct the sale of 10% or more of a class of voting security of the applicant or licensee. For the purpose of this section, a person beneficially owns any securities (i) owned by his/her child, stepchild, grandchild, parent, stepparent, grandparent, spouse, sibling, mother-in-law, father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law sharing the same residence; in the cases where the company is a partnership, all general partners and those limited and special partners that have the right to receive upon dissolution or have contributed 10% or more of the partnership's capital.

In the case of a trust that directly owns 10% or more of the class of voting security of the applicant, or that has the right to receive upon dissolution or have contributed 10% or more of the applicant or licensee's capital, the trust, and each trustee.

In the case where the company is a Limited Liability Company (LLC), (i) if member managed, the managing member, (ii) if managed by elected or appointed managers, all elected or appointed managers; and, (iii) those members that have the right to receive upon dissolution or have contributed 10% or more of the LLC's capital. In the case where the company is a partnership, (i) all general partners, and (ii) those limited and special partners that have the right to receive upon dissolution or have contributed 10% or more of the partnership's capital.

In certain states, other required persons, including "qualified persons" or branch supervisors, may be considered to be control persons. Consult the [State Licensing Requirements](#) in which the applicant or licensee is applying for details.

Ownership must be disclosed as laid out in the organizing documents of an entity. Ownership disclosure in NMLS is not dependent on community property statutes and therefore should be represented in NMLS as found on legal, organizing documents for the entity.

### **Control Person**

A control person is an individual (natural person) that directly or indirectly exercises control over the applicant or licensee. This definition includes any individual that is a "director, general partner, or executive officer." The term director includes all members of a company's board of directors, including board members that are not employees of the company.

**Individual or Company**

All direct owners of 10% or more should be identified, regardless of the applicant or licensee’s business structure. All individuals listed in this section are required to complete and submit an Individual (MU2) Form.

**NOTE:** Provide the person’s Social Security Number or the company’s Tax Identification Number or Employer Identification Number, as issued by the IRS.

**Publicly Traded**

If an applicant or licensee is publicly traded or there are control persons holding less than 10% ownership, then the total percent ownership derived from the individual line items may not equal 100%.

Provide the stock symbol (if the company is publicly traded).

**Definitions and Charts**

<b>Definition</b>	
<b>Advance Change Notice</b>	An NMLS filing notifying state agencies of certain changes to a licensee’s NMLS information in advance of the effective date.
<b>Effective Date</b>	The date on which a change to a licensee’s NMLS information is intended to be effective.

Figure 2: Key Terms

IF APPLICANT IS:	<b>ENTITIES &amp; INDIVIDUALS THAT MUST BE INCLUDED IN DIRECT OWNERS &amp; EXECUTIVE OFFICERS</b>			
	EQUITY OWNERS	CORPORATE GOVERNANCE		FUNCTIONAL RESPONSIBILITY
<b>“C” Corporation</b>	Shareholders ≥10%	All members of Board of Directors	Elected or Appointed Officers	Chief Officers & other required individuals
<b>“S” Corporation</b>	Shareholders ≥10%	All members of Board of Directors	Elected or Appointed Officers	Chief Officers & other required individuals
<b>Limited Liability Company</b>	All Members ≥10%	Member Managed (Managing Member)	Elected or Appointed Officers	Chief Officers & other required individuals
		All Managers (Board of Managers)	Elected or Appointed Officers	Chief Officers & other required individuals
<b>Partnership</b>	All Partners ≥10%	General Partner	Elected or Appointed Officers	Chief Officers & other required individuals

Figure 3: Entities to be Included

## How to Add a Direct Owner and/or Executive Officer

### Adding an Individual

1. From the *Direct Owners and Executive Officers* screen, click the **Add Individual** button.
2. Enter either an Individual ID, License Number, or First and Last Name.
3. Click the **Search** button.
4. Click the **NMLS ID** link to select the appropriate individual (see *Figure 4*).



Figure 4: Direct Owners and Executive Officers – Individual Search Results

**NOTE:** If no search results are returned, click the **Create Individual** button to create an individual and complete the required fields.

5. Complete all required fields (see *Figure 5*).

**NOTE:** The Percentage(s) of Ownership may not exceed 100% at any given time. To remove an owner, see the [How to Amend the Percentage of Ownership](#) section of this guide.

6. Click the **Save** button (see *Figure 5*).

### New Direct Owner or Executive Officer

The Mortgage Corporation (45042) MU1 filing created 6/16/2014 by JohnP4. HELP

Total Charges: \$0.00

Provide the information requested below for the individual or company being identified as a (i) direct owner of 10% or more; (ii) executive officer; and/or (iii) control person of the applicant (excluding indirect owners that must be identified in the Indirect Owners section of this filing).

Title examples include: President, CEO, CFO, COO, partner, trustee, sole proprietor, shareholder, etc.

An MU2 form must be completed for each individual identified in this section.

Entity ID: 44617  
Full Legal Name: Alvarado, John

Title:

Effective Date:  (MM/DD/YYYY) **5**

Percentage of Ownership:

Individual or Company:  Company  Individual

**6**

Figure 5: New Direct Owner or Executive Officer - Individual

### Adding a Company

1. From the *Direct Owners and Executive Officers* screen, click the **Add Company** button.
2. Enter either a Company ID, License Number, or Entity Name.
3. Click the **Search** button.
4. Click the **Name and ID** link (see *Figure 6*).

### Direct Owners and Executive Officers - Company Search Results

HELP

Name and ID	Matched Name	Street	City	State	Country
<b>4</b> <a href="#">Hurtado Mortgage (26060)</a>	Hurtado Mortgage	27 Changed Address	Rockville	MD	United States

Figure 6: Direct Owners and Executive Officers – Company Search Results

**NOTE:** Click the **New Direct Owner** button to create a base record for the entity and complete the required fields.



5. Complete all required fields (see *Figure 5*).

**NOTE:** The Percentage(s) of Ownership may not exceed 100% at any given time. To remove an owner, see the [How to Amend the Percentage of Ownership](#) section of this guide.

6. Click the **Save** button (see *Figure 7*).

The Mortgage Corporation (45042) MU1 filing created 6/16/2014 by JohnP4. HELP

Total Charges: \$0.00


Provide the information requested below for the individual or company being identified as a (i) direct owner of 10% or more; (ii) executive officer; and/or (iii) control person of the applicant (excluding indirect owners that must be identified in the Indirect Owners section of this filing).  
Title examples include: President, CEO, CFO, COO, partner, trustee, sole proprietor, shareholder, etc.  
An MU2 form must be completed for each individual identified in this section.

Entity ID: 1135  
Full Legal Name: Berry Mtg Co  
Title:   
Effective Date:  (MM/DD/YYYY)  
Percentage of Ownership:   
Stock Symbol:   
SSN or EIN: 78-5485752  
Individual or Company:  Company  Individual

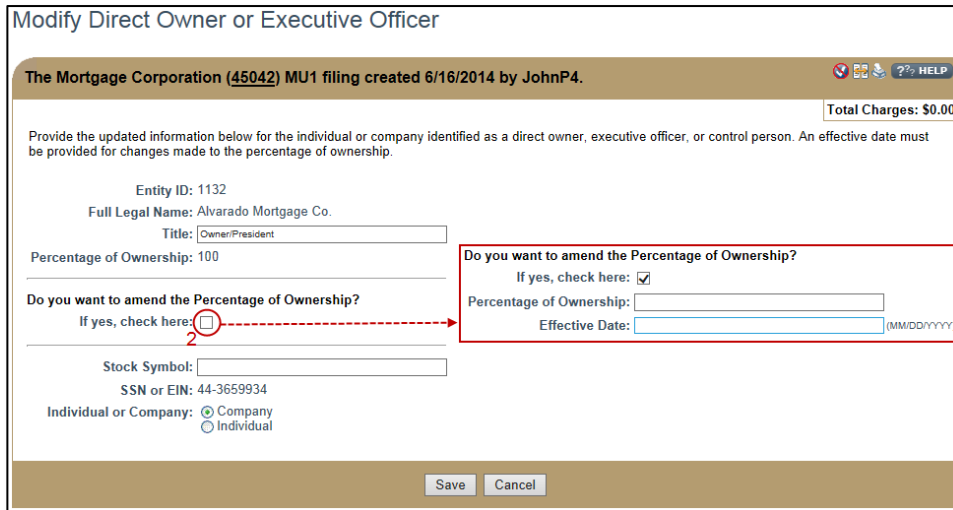
6 Save Cancel

Figure 7: New Direct Owner or Executive Officer – Company

## How to Amend Percentage of Ownership

1. From the *Direct Owners and Executive Officers* screen, click the **Edit**  icon.
2. If the Percentage of Ownership needs to be modified, select the box titled "Do you want to amend the Percentage of Ownership?" (see *Figure 8*).

**NOTE:** Effective Date for the change (MM/DD/YYYY) is required and cannot be a past date.




*Figure 8: Modify Direct Owner or Executive Officer*

**NOTE:** The Percentage(s) of Ownership may not exceed 100% at any given time. To remove an owner, you must first amend their Percentage of Ownership to 0% with an applicable effective date for the change. The owner may be deleted upon implementation of the change of ownership percentage.

3. Click the **Save** button.

**NOTE:** After edits are made to a direct owner or executive officer, use the *Undo* icon to undo changes made.

## How to Remove Direct Owner and/or Executive Officer

1. From the *Direct Owners and Executive Officers* screen, click the **Delete**  icon next to the Direct Owner/Executive Officer you would like to remove.
2. Provide the requested information, including the Percentage of Ownership at Removal and the Effective Date (see *Figure 9*).

**NOTE:** Effective Date for the change (MM/DD/YYYY) is required and cannot be a past date.

Remove Direct Owners and Executive Officers
HELP ?

Shifty Mortgage Inc. (61048) MU1 filing created 5/20/2016

Provide the information below to remove this Direct Owner or Executive Officer. The Percentage of Ownership at Removal must be provided and the value must be less than 10%.

Entity ID: \_\_\_\_\_

Full Legal Name: Ovechkin, Alexander

Title:

Percentage of Ownership: 15

Percentage of Ownership at Removal:

Individual or Company:  Company  
 Individual

Effective Date:  (MM/DD/YYYY)

Save Cancel

Figure 9: Remove Direct Owners and Executive Officers

3. Click the **Save** button.

### Additional Resources

- [Information Viewable on NMLS Consumer Access](#)
- [ACN-Direct Owners & Executive Officers](#)
- [Company \(MU1\) Amendments](#)
- [Individual \(MU2\) Form Filing](#)