

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.

Disclosure Explanation for "Yes" Response(s)

The Hills Mortgage Company (938341) MU1 filing created 8/6/2012 by IdonisP. Total Charges: \$0.00

Provide the requested information regarding the event resulting in a "Yes" response to one or more disclosure questions below. The explanation for a single event can be associated to more than one disclosure question, if applicable. Do not provide details for more than one disclosable event in the Explanation fields below, including the Supporting File Upload. View the [Disclosure Explanation Reference Guide](#) for more information about entering, amending, or deleting disclosure explanations.

Event Explanation Detail

Brief Description of Explanation:

Disposition: Provide Description only if Disposition is 'Other':

Event Explanation Detail (Required):
 Details of Cease and Desist order...

Applicable Questions

Check the box(es) next to the appropriate disclosure question(s) that apply to the explanation you are providing.

Explanation Provided For	Current Response	Question(s)
Regulatory Action Disclosure		
<input checked="" type="checkbox"/>	Yes	(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?
<input type="checkbox"/>	Yes	(4) entered an order against the entity or a control affiliate in connection with a financial services-related activity?

Supporting File

You can include a supporting PDF file (not exceeding 8 MB) with this explanation by clicking **Browse**, selecting the file, and clicking **Save**. Only one file is allowed per explanation. If you have multiple documents they must be combined in a single file. Only documents related to the event described above should be included in the file.

File: C:\Users\Bradley\Documents\disclosures.pdf

Repeat steps to add additional explanations.

Add Explanation for "No" Response:

1. 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.

Disclosure Explanations

The Hills Mortgage Company (938341) MU1 filing created 10/10/2013 by IdonisP. Total Charges: \$0.00

If you answered "Yes" to one or more disclosure questions, you must provide an explanation for each event that resulted in a "Yes" response.
 You should provide an Explanation for a "No" Response only if you answer "No" to a disclosure question and have information to provide to the regulator to clarify the response.

AVAILABLE ACTIONS	FUNCTION
Add Explanation For "Yes" Responses	Add a new explanation for an event that resulted in a "Yes" response.
Add Explanation for "No" Responses	Add a new explanation to clarify a "No" response.
	Amend or delete an explanation.
	Undo the changes made to an existing explanation.

Explanations for "Yes" Responses

Description	Applicable Question(s)	Date Updated	Supporting File	Date Uploaded	Explanation Status
Cease and Desist	C(1), C(4)	10/15/2013 10:50:48 AM		10/15/2013 10:40:28 AM	Amended

Explanations for "No" Responses

Description	Applicable Categories	Date Updated	Supporting File	Date Uploaded	Explanation Status
Withdrawn Adjudication	Criminal Disclosure	10/15/2013 10:40:52 AM		10/10/2013 4:37:13 PM	Existing

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:

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

Disclosure Explanations

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

Total Charges: \$0.00

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- 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.
- Each *Disclosure Explanation* allows only one PDF to be uploaded. If there are multiple documents, please combine in a single PDF.
- 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.
- 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.
- One explanation can be associated to multiple questions if applicable.

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](#)