



**NMLS Ombudsman Meeting  
Marriott Marquis  
Marina Ballroom DE  
San Diego, California  
Monday, February 16, 2015  
2:00 pm - 5:00 pm (PT)**

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Agenda:

1. **Robert Niemi, NMLS Ombudsman**  
Deputy Superintendent for Consumer Finance, Ohio Division of Financial Institutions
  - Ombudsman Update and Issue review
2. **Ellen D. Smith, Vice President – Lending**  
Envoy Mortgage
  - Reasoning behind State-Specific Fingerprint Cards and Background Checks
  - Request for Earlier Deadlines for License Renewals
3. **Trish Lagodzinski, Compliance Professional**  
Chartwell
  - Complications in Creating and Submitting MU2 Forms
  - Process for NMLS Users who do not have Social Security Numbers
  - Process for uploading financial statements for affiliated companies in a secure manner
  - Expansion of Permissible Document Types for NMLS Document Upload
4. **Trae Scuncio, Senior Licensing & Maintenance Specialist**  
The Compliance Group Inc.
  - Acknowledgement by Regulators of Receipt of Responses to Deficiencies

- Deadline Dates for State Renewal Checklists

5. **Cindy Corsaro, Licensing Specialist**

FirstKey Mortgage, LLC

- Addition of Various Due Dates for Renewal Items
- ACN Windows for Naming of Qualified Individuals
- Document Uploads

6. **Jeff Goshert, Chief Compliance Officer**

Nations Lending Corporation

- Use of Loan Originator Legal Name/Other Names on Documents and in Social Media
- How States Look at Social Media as an Advertisement and Existing Rules Impact on Lenders to Comply – Record Keeping, Policies, Procedures, etc.

7. **Samuel B. Morelli, Executive Vice President & Chief Compliance Officer**

PrimeSource Mortgage, Inc.

**Amy Greenwood-Field**

Dykema

- Timely Approval of Sponsorship Requests
- System Automation of Sponsorship

8. **Bill Cosgrove, Chairman, Mortgage Bankers Association**

CEO, Union Home Mortgage

- MLO Testing for Federal Registrants

9. **Andrew Hall, Compliance Division/Licensing Manager**

Royal United Mortgage LLC

**Catherine Houston, Compliance Manager and Vice President**

**Wells Fargo Bank NA**

- Termination of MLOs for Cause – Documentation of Reasons for Termination and Accessibility of that Information for Future Employers
- Is there a Standard for Timing of Posting of Regulatory Actions Against MLOs

10. **Rich Cortes, Principal Financial Examiner**

Connecticut Department of Banking

- Review of Upcoming Proposed Changes to the Mortgage Call Report
- Feedback on Recently Adopted Changes

**11. William Kooper, Associate Vice President of State Gov't Affairs & Industry**

Mortgage Bankers Association

- Implications for Privilege of Information when Data is provided through the Mortgage Call Report and is then Available to State Agencies that do not Require that Specific Data (e.g. Servicing Information)

**12. Costas Avrakotos**

K&L Gates

- MLO Criminal Background Checks
- Private Label Originations Reporting on MCR

**13. Additional Q&A**

Jeff Goshert: **Use of Legal and “Other Names” for MLOs**

This issue relates to the lack of uniformity of the various regulators towards the usage of the licensed name of the loan originator and the “other names” that are also listed on the NMLS.

Some regulators will only accept only the full licensed name on various forms of social media, (i.e. LinkedIn or Facebook) while others allow a name that is also listed on the “other name” page. If you are in multiple states this automatically then reverts the Loan Originator to have to go with the full name, where in most cases the Loan Originator is known by their slang name (i.e. Robert instead of Bob). This then works against the premise of the other name section on the NMLS. This topic has many other issues beside social media, but social media is an area that is new frontier and needs to be explored prior to people getting cited for problems when the intent was to do things properly.

What needs to be addressed here is the discussion of uniformity among the various regulators towards allowing the usage of the licensed name or the registered other names.

## Other Names

### Overview/Policy

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Individuals are required to provide any names other than their legal name used since the age of 18. Examples include nicknames, aliases, initials, names used on business cards or advertisements, and names used before or after marriage. Make sure that all names used in your business practices are included such as the name used when signing loan documents.

The information provided in this section is used to enhance the searchable data available on NMLS Consumer Access, as well as to verify information on credit reports, criminal background checks and general compliance purposes.

### Definitions and Charts

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Examples:

Full Legal Name	Other Names
John Richard Andrews	J.R. Andrews JR Andrews John R Andrews
Melissa Anne Wilkins	Melissa A Wilkins Melissa Wilkins Anne Wilkins M Wilkins
Michael Phillip Watts (nickname "Mick" or "Mike")	Mick Phillip Watts Mike P Watts Mick Watts Mike Watts
Sarah Jane Brennan (married name)	Sarah Jane Glass (maiden name)

### How To

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#### Add Other Names

1. From the *Other Names* section of the Individual (MU4) Form, click the **Add** button.
2. Enter **Other Name** information.
3. Click **Save**.

### Helpful Hints

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Not applicable

### **Additional Resources:**

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- [Information Viewable on NMLS Consumer Access.](#)
- Quick Guide:
  - [MU4 Filing Instructions](#)
  - [Amendments \(MU4\)](#)

**[See Individual Help Table of Contents](#)**

Andrew Hall: Termination of MLOs

The process itself is quite simple, that I appreciate. A couple clicks here and there, input a bit of info, and poof, all done as far as the NMLS system is concerned. I have some serious concerns though. After speaking with a few folks at the call center and regulators alike, having called simply with the hope of understanding how and what happens after that final “end relationship” button is clicked in the NMLS, I became aware of something that didn’t sit well. The “explanation for ending” comment box goes nowhere. How can that be? If I myself were under the employ of a regulatory body, you can bet that I would want that information every single time (assuming an involuntary termination was indicated), regardless of circumstance, and absolutely as fast as you can get it to me. As well, having done extensive work in the hiring of new MLO’s for my company, I sure would like to see it on my side too (although I know that gets a bit touchier of course). Let’s assume we (Royal United Mortgage LLC) are on the back end of this scenario, meaning that we, as a company, decide to extend an offer for employment to an individual who by all accounts, appears to be licensable, up-standing, and great addition to our team. The fact that we could find out, “at a later date” that this individual was terminated from their previous employer for Fraud (because the only way we would know now is if they opt to answer the disclosure question accurately) is well more than just troubling. Let’s assume as well that this “previous” employer indicated in their termination through NMLS that this individual was terminated for falsifying documents or forging borrowers signatures or bribing appraisers, or whatever the offense... as well, the previous employer indicated in the “reason for ending” box that they have an admission of guilt on file as well as a mountain of evidence against the accused. The idea that this person can come knock on our door and continue their path of destruction is unacceptable. Even a simple “heads up” from the NMLS or any state regulatory body indicating something as simple as “hey, this person is currently under review or investigation” could save a borrower, a company, and/or your resident the potential avalanche that could occur.

If a state licensed Mortgage Company, who for this example, is in good standing under all authorities who regulate them, indicates that something like the above has occurred in their termination through the NMLS and takes all measures to adhere to all applicable laws in disclosing, what more can we do to ensure the safety of our borrowers and your residents **immediately**, rather than weeks, months or years down the road? I can say with confidence that I would be more than willing to provide or upload termination docs as a state licensed entity, as well as evidence relating to the matter immediately upon request (which in my opinion should put a hard stop on that individual until they change their disclosure question answer). I will operate with the assumption here that hopefully most, if not all, state licensed entities share my opinion here; we don’t want these people, anywhere in the industry! Moreover, I don’t want to be on either end of this from the industry perspective. It’s never fun firing anyone, regardless of circumstance, that is something all can agree on I think and all have likely encountered at some point in our careers. But, I’d be more thoroughly aggravated if we were to hire someone and give them access to god knows what through our systems and lead queues, only to find out that the states and the NMLS knew they committed fraud previously, yet still accepted our sponsorship request(s) and our indication that this individual is again operating in a capacity to put more at risk. I understand allegations are allegations and “innocent until proven guilty”, all of

that jazz... but there has to be a better way. Whether it's not accepting sponsorships or new application requests while under review on the state side... or even just an efficient, transparent way to let us know.

The spirit of the SAFE ACT is clear to me. The spirit of "self-policing" is clear to me. We are absolute allies in this regard, and I believe there are numerous ways that we could assist one another and assure with multiple avenues of checks and balances to vastly improve where we are today. It appears, to a point, that some of the tools (disclosure questions, termination points in NMLS, etc.) are there today, yet we are not capitalizing on and/or executing on their best possible use.

I would thoroughly enjoy additional regulator and industry opinions on this. As well, if there are other ideas for remedies, let's get them out there and let's find a better way than just simply relying on job jumping MLO's to tell the truth to each of their new employers.



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February 6, 2015

**Via Email**  
**(ombudsman@stateregulatoryregistry.org)**

Robert Niemi  
NMLS Ombudsman  
c/o Conference of State Bank Supervisors  
1919 M Street, Suite 450  
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Re: February 2015 NMLS Ombudsman Meeting Topics

Dear Mr. Niemi:

I would like to submit the following topics for discussion during the upcoming February 2015 NMLS Ombudsman meeting in San Diego, California: system automation of sponsorship requests and removals and enforcement of Mortgage Call Report changes and amendments.

### **System Automation of Sponsorship**

Timely approval of sponsorship requests when Mortgage Loan Originators (“MLOs”) transition employment from one licensed company to another licensed company in an ongoing concern. There continues to be little uniformity between jurisdictions in what happens to a license between sponsorships (i.e.: is it moved to “approved-inactive” status), how quickly new sponsorships are approved, or what date is reflected as the sponsorship’s effective date.

I believe if the system were able to automatically approve new sponsorship requests and assign certain license status pursuant to individual agency instruction that the current delays, as well as the accompanying system back-dating that also occurs, could be alleviated. Back-dating of a license sponsorship and approval status currently allows MLOs to continue to work uninterrupted, if the company is willing to assume the risk while waiting for that action to occur. However, back-dating of any status in the system causes gaps in how licenses appear on NMLS Consumer Access and in the subscription B2B service that many underwriters and companies rely upon to determine whether or not a MLO is approved to originate in a certain jurisdiction.

What I propose, and what we have discussed at previous meetings informally, is that the system be configured to allow for system-generated approvals of sponsorship of a licensed MLO that is



Robert Niemi  
February 6, 2015  
Page 2

currently in an active status with no jurisdiction-set license items that require additional attention. If the jurisdiction was comfortable allowing the MLO to operate for its jurisdiction-licensed ABC Company this morning, why shouldn't it also be comfortable for that same MLO to now operate instead for its jurisdiction-licensed XYZ Company this afternoon? It seems that the goal for all jurisdictions would be to keep a MLO in an active status so that consumers can continue to be served, if there are no known issues pending with the individual's license and the transition is between actively licensed companies.

In the same way of thinking, if a company removes sponsorship for a licensed MLO in a certain jurisdiction, and that jurisdiction's normal practice would be to move that MLO to an inactive status if a replacement sponsorship was not immediately received, then why can't the system be allowed to automatically effect this change? This would alleviate some of the back-dating that currently occurs and allow NMLS Consumer Access (and the subscription B2B service) to reflect accurate information as the removal and the subsequent change to inactive status was system-processed.

### **Mortgage Call Report Changes and Amendments**

I commend the MCR working group for continuing to work toward making changes to the MCR to improve the quality of information gathered. However, I do have some concerns related to the MCR enhancements included in the last release which have publically been slated for later deployment. I understand that additional data points will be collected with respect to a number of fields on the MCR, including collecting the "Amount and Count of closed and funded loans on which you intend to retain the Mortgage Servicing Rights" in line AC 1200 and the "Amount and Count of closed and funded loans on which you intend to sell the Mortgage Servicing Rights" in line AC 1210 for companies. My concern with these fields is that they are asking for something that the company "intends" to do at the time of filing. If those actual numbers change, for whatever reason, at some point in the future are certain states going to require MCR amendments to be filed?

We are already seeing amendments being requested for companies to clean up old filings in the system where perhaps the initial explanation documents had not been clear, the necessary amount of training was not present, definitions were misinterpreted, or the company's internal reporting systems had not been effective to allow for filing of an accurate MCR. Clearly, some of these requested amendments are warranted where the errors are obvious and where they materially reflect on the data submitted. However, I would like to see the MCR working group propose, and the Policy Committee adopt, a time limitation for these back-filed amendments. As the MCR has now been in place for several years since its initial availability, I feel that now is the point to collectively focus on making sure that accurate information is reflected on a going-forward basis, rather than forcing companies to back-file reports. Certainly if companies have



Robert Niemi  
February 6, 2015  
Page 3

some assurance that they will not be held accountable for amending reports back to their initial 2011 filings, when the process was new for both companies and regulators, they will be able to better spend their resources on future compliance.

Additionally, I have heard informal reports of jurisdictions asking for amended MCR filings for items that are not yet officially effective in the system. Filing companies are at a disadvantage if they attempt to push back on regulator requests of this nature, but certainly we can come to an agreement that companies should not be held to standards now for items that won't be deployed for several months. The amount of information that companies are asked to maintain and report is a heavy lift for any sized company, without having to adhere today to future requirements that they have not yet had time to prepare for.

I look forward to visiting with you about these issues in San Diego.

Best regards,

**DYKEMA GOSSETT PLLC**

  
Amy Greenwood-Field

Cindy Coraro, FirstKey Mortgage:

**Mortgage Call Report**--If NMLS could provide an easy download of a complete quarterly MCR filing, including all states that would be very helpful. When managing multiple states, it is very time consuming to have to save each individual state as a pdf and/or to print out each individual state. If a complete download was available after the MCR was submitted, that would be a real time saver – especially for those of us who manage multiple states and/or entities.

**Doc Upload:** MU1 document uploads - once the filing is submitted they have no organization to them, which makes it hard to locate or reference documents already submitted. Alphabetizing either by category of upload, state or date of upload would be helpful. To sort document uploads in a submitted MU1 filing now, you must open up a new MU1 to see them listed in the appropriate categories.

**Licensing Forms**--Pending MU1 – highlight or note in hover what sections have been changed since the last time the pending filing was created. Often once the filing is created, you come back to add new information or submit the filing, and don't always remember the pending changes that have been made on previous days.

## **Renewals**

--At renewal, under the Education page for LOs, it would be helpful to list the due dates for CE per state, since they differ substantially from state to state.

--In the Renewal Attestation checklist, include the dates renewals are due. It would help organize submitting renewals in a timely fashion.

--Discrepancies between the due dates for renewal and/or renewal documents differ from the deadlines list in NMLS to the renewal checklist to the actual state statutes. For example, one state says that renewal documents are due by 11/30, but NMLS says 12/31 on the deadlines list. In addition, another state says the deadline is 12/31 but 12/1 is the actual date (must read box on deadlines list). And last, one state's renewal checklist did not contain a required loan volume document. The only notice that this was required was an email from the regulator. If there was any way that this information could be listed consistently on the renewal checklists and deadlines list in NMLS, it would be very beneficial to making timely and accurate filings.

**System Format**--List entity name clearly on the header of each page in NMLS. You can only see the entity name once you click on "Company" from the Dashboard, or if you click on "Composite View" from the tab on the top of the Home page and then click on "View Company". It does not appear on the Home Page or when you click on any other tabs across the top (Filing, Admin, Renewals, Reports, etc.). When managing multiple entities, it would be helpful to more easily indicate the entity name at log in and as a header on all tabbed pages.

**Advance Change Notice**--When adding a new QI, only one effective date is allowed. You are unable to select different dates for each state, which is problematic when one state has a 90

day ACN window and another only has a 30 day ACN window. You can only designate different dates once a QI has been accepted in one state. As it stands now, the filing remains in a pending status until the 90 day ACN date has passed, which holds up the 30 day or no notice states!