

DISCIPLINARY ACTION REFERENCE GUIDE

Federally registered mortgage loan originators are required to use NMLS in order to provide information regarding Disciplinary Actions covered by the MU4R's Disclosure Questions.

NOTE: Any explanation of a Disciplinary Action and related material can be amended or replaced, but the original submission will always remain part of the individual's historical record in NMLS. It cannot be completely removed from NMLS by the MLO or their employing Institution. **Please carefully review any explanation prior to attestation and submission.**

Each Disciplinary Action explanation is comprised of the following information:

Brief Description of Disciplinary Action—Required; a brief statement describing what event the Action relates to (e.g. "Felony", "Cease and Desist Order").

Action Type - Required; choose from drop-down menu.

Action Type Description – Only required if "Other (Regulatory)" or "Order (Regulatory)" is selected for Action Type. A description cannot be entered for other Action Types.

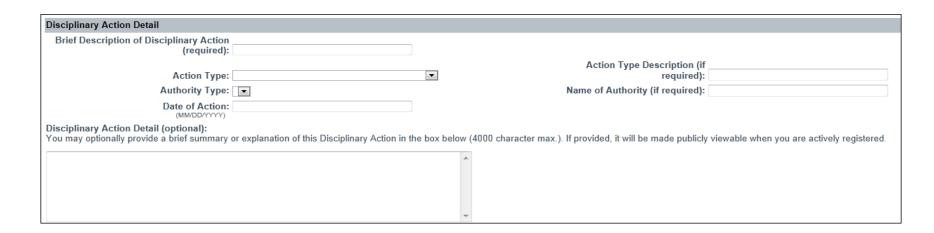
Authority Type - Required; choose from drop-down menu.

Name of Authority – Only required if "Other Federal Regulator", "State Regulator", "Foreign Financial Regulator"; "Criminal Court" or "Civil Court" is selected for Authority Type. A Name of Authority cannot be entered for other Authority Types.

Date of Final Action – Required; must be entered in a MM/DD/YYYY format

Disciplinary Action Detail (4,000 character limit) – Optional. If the MLO chooses to, he or she may provide a detailed description of the Disciplinary Action being disclosed.

(See corresponding graphics on following page)



Applicable Questions – Required. Select the checkbox next to the disclosure question(s) with "Yes" responses related to the explanation you have provided. A single explanation can be associated to one or more questions and multiple explanations can be associated to a single question.



Supporting File – You are required to upload any applicable supporting documentation by browsing for the document on your computer. Only a single PDF file (not exceeding 8 MB) can be uploaded for an event. However, multiple documents can be combined into a single file. Examples of documents may include: Criminal or Civil Court Documents, Administrative Orders, and other public documents issued by the Authority taking the specific Disciplinary Action.

Supporting File
You must include a supporting PDF file (not exceeding 8 MB) by clicking Browse, selecting the file, and clicking Save. Only one file is allowed. 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.

Please be aware that this Supporting File will be <u>publicly available in NMLS Consumer Access</u>. Additionally, though a Supporting File can be replaced, any Supporting Files included in a submitted MU4R will be retained and available in Historical Filings. Make sure that any Supporting File you intend to upload here is appropriate <u>prior</u> to submission.

File:

Browse.

A separate explanation should be provided for each event resulting in a 'Yes' response to a disclosure question. If providing multiple Disciplinary Action explanations, submit supporting documentation separately with each explanation. <u>Do not merge documentation for separate Disciplinary Actions into one file.</u> In addition, a single explanation can be associated to one or more disclosure questions. See the following Examples below regarding how explanations can be entered in NMLS:

Example One - One 'Yes' Response, One Event

Example Two – One 'Yes' Response, Two Events

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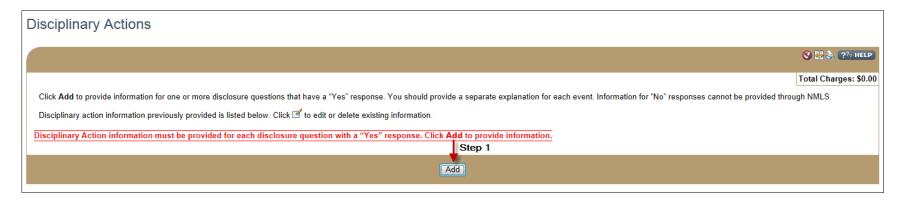
Example Three - Two 'Yes' Responses, One Event

Example Four – Associating State Regulatory Action (SRA) to a Disciplinary Action

Please contact your employer with any questions regarding interpretation of disclosure questions or the content of explanations. Contact the NMLS Call Center at 1-855-NMLS-123 (1-855-665-7123) for assistance with any technical issues related to disclosure explanations that may be preventing the submission of your filing.

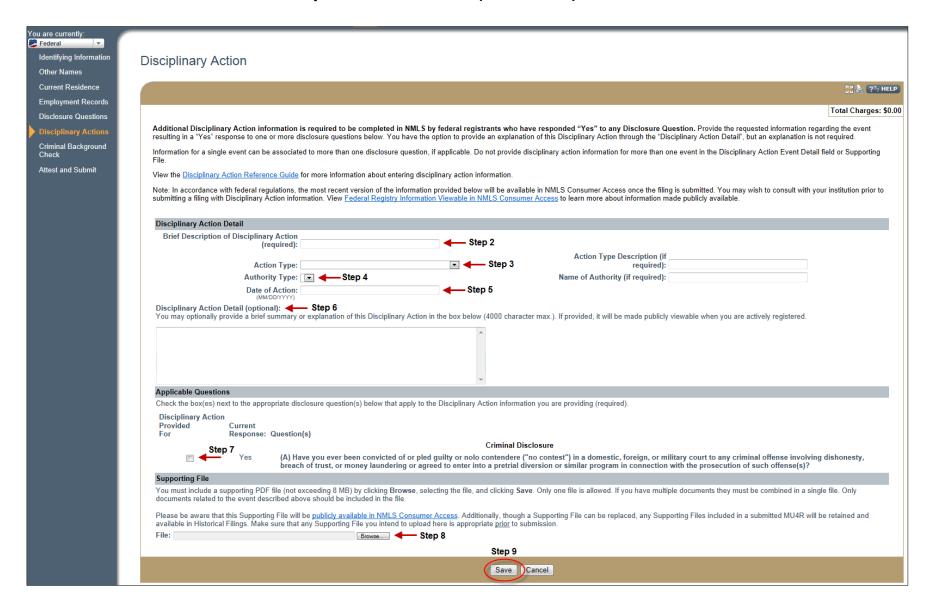
EXAMPLE ONE - One 'Yes' Response, One Event

An MLO has been named in financial services-related consumer-initiated civil litigation (Event). The lawsuit was settled for some amount. In NMLS, the MLO would need to answer Question (F)(2), related to certain civil litigation, 'Yes'. The MLO would complete the required Disciplinary Action explanation for the event as follows:



- **Step 1** Click Add on Disciplinary Actions page
- Step 2 Provide Brief Description of Disciplinary Action. [See screen shot on next page]
- **Step 3** Provide Action Type.
- **Step 4** Provide Authority Type.
- **Step 5** Provide Date of Action.
- Step 6 Provide Disciplinary Action Detail, if the MLO chooses to do so.
- **Step 7** Associate Applicable Question.
- Step 8 Click Browse Button and select supporting file from your computer for the Event.
- Step 9 Click Save.

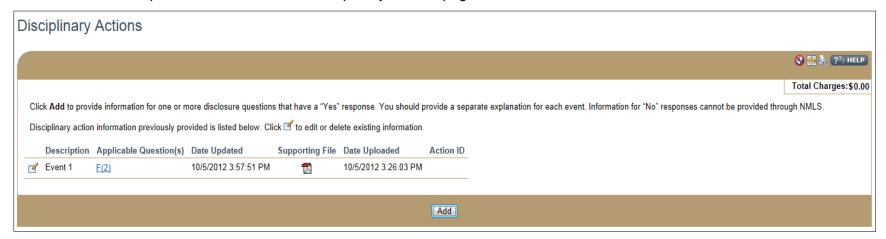
EXAMPLE ONE - One 'Yes' Response, One Event (continued)



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EXAMPLE ONE - One 'Yes' Response, One Event (continued)

Final Result: The explanation is listed on the Disciplinary Actions page for the event.



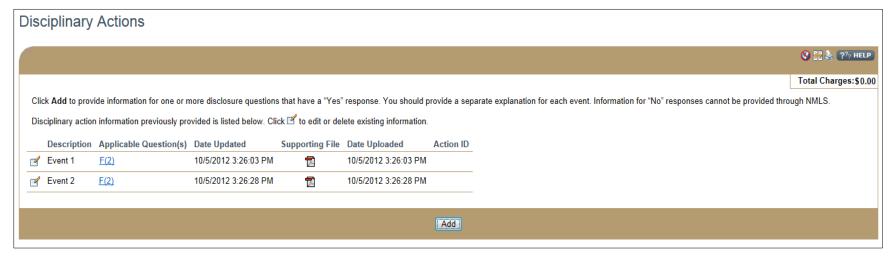
To Update or Delete an Action: An explanation may be updated or deleted by clicking even after the Description. However, previously submitted versions of the Action will be viewable in Historical Filings even after the Action is updated or deleted.

EXAMPLE TWO - One 'Yes' Response, Two Events

An MLO has twice previously been named in financial services-related consumer-initiated civil litigation (Event 1 and Event 2). Both lawsuits were settled for some amount. In NMLS, the MLO would need to answer Question (F)(2), related to certain civil litigation, 'Yes'. The MLO would complete a separate Disciplinary Action Explanation for each event as follows:

Follow <u>Steps 1-9</u> for Event 1 and Event 2. The supporting documentation for each explanation must be specific to that explanation. In this example, the MLO would not be allowed to merge documentation related to both lawsuits into a single Supporting File.

Final Result: A separate Action is listed on the Disciplinary Actions page for Events 1 and 2.



To Update or Delete an Action: An explanation may be updated or deleted by clicking are next to the Description. However, previously submitted versions of the explanation will be viewable in Historical Filings even after the explanation is updated or deleted.

EXAMPLE THREE - Two 'Yes' Responses, One Event

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An MLO was found by a State regulator to have been dishonest, unfair or unethical (Regulatory Finding). In NMLS, he or she may need to answer questions (D)(1) and (D)(7), both related to dishonest or deceptive conduct, 'Yes'. The MLO would complete the required Disciplinary Action explanation for the event as follows:

Follow <u>Steps 1-9</u>. When completing Step 7 select the two Applicable Questions as seen below.



Final Result: The explanation is listed on the Disciplinary Action page for two Applicable Questions.



To Update or Delete an Explanation: An Explanation may be updated or deleted by clicking one next to the Explanation. However, previously submitted versions of the Explanation will be viewable in Historical Filings even after the Explanation is updated or deleted.

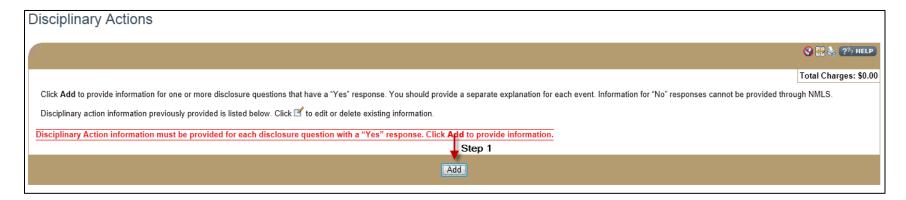
EXAMPLE FOUR – Associating a State Regulatory Action (SRA) to a Disciplinary Action

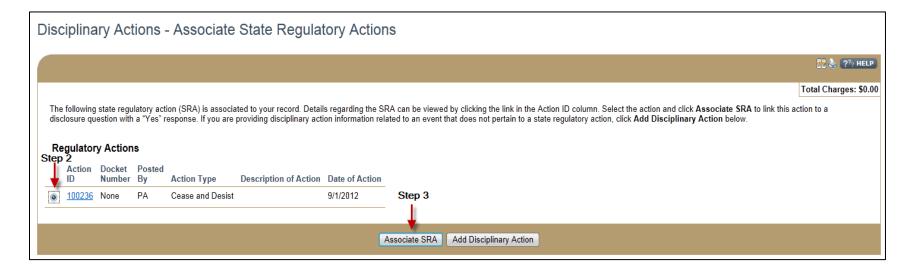
MLOs that need to disclose a Disciplinary Action that has already been tied to their NMLS record by a State Regulator will be able to reference that existing Action. This process is an exception and does not apply to the majority of federally registered MLOs.

Step 1 – Click Add on Disciplinary Actions page.

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- Step 2 Select applicable SRA.
- Step 3 Select Associate SRA.



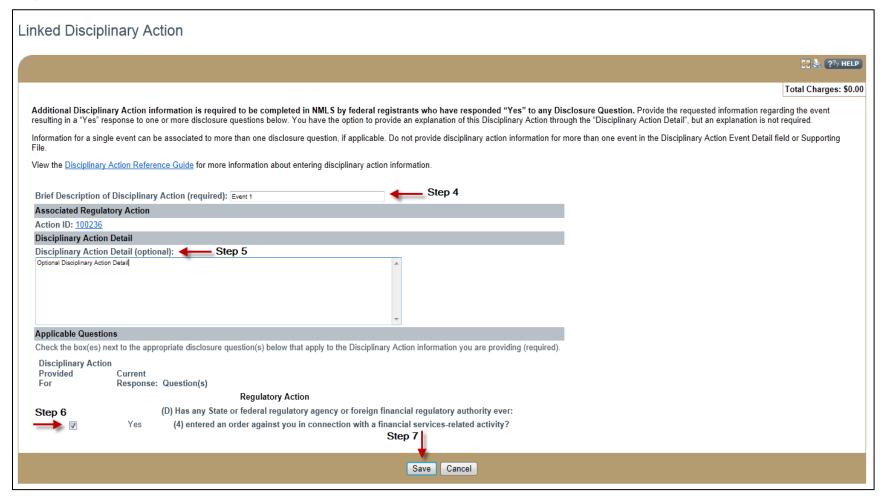


EXAMPLE FOUR – Associating a State Regulatory Action (SRA) to a Disciplinary Action (continued)

Step 4 – Provide Brief Description of Disciplinary Action.

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- Step 5 Provide Disciplinary Action Detail, if the MLO chooses to do so.
- **Step 6** Associate Applicable Question.
- Step 7 Click Save.



EXAMPLE FOUR – Associating a State Regulatory Action (SRA) to a Disciplinary Action (continued)

Final Result: The explanation is listed on the Disciplinary Action with associated SRA.

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