



NMLS Ombudsman Meeting
at the 2023 NMLS Conference & Training in Phoenix, Arizona
April 5, 2023, 9:00 a.m. to 12:00 p.m. MST

Agenda

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| 1. <i>Welcome & Updates</i> | Jim Payne, NMLS Ombudsman, Kansas Office of the State Bank Commissioner |
| 2. <i>NMLS Program Update and Q&A</i> | Vickie Peck, Dave Dwyer, Dan Valerian, CSBS |
| 3. <i>Mortgage Call Report Update</i> | Rich Cortes, MCR Subcommittee Chair & Connecticut Department of Banking |
| 4. <i>Ombudsman Meetings & Work Remote</i> | Bob Niemi, Weiner Brodsky Kider PC |
| 5. <i>Individual Records associated with multiple Company Records & Audited Financial Statements Delays</i> | Trish Lagodzinski & Austin Briggs, Chartwell Compliance |
| 6. <i>Regulator Communication in Connection with Policy Changes and Law Updates</i> | Amy Greenwood-Field, McGlinchey Stafford |
| 7. <i>Open Discussion</i> | All |

There will be a 15-minute break halfway through the meeting.

The meeting will be in person only; no dial-in will be available.

***[Click here](#) for more information on the 2023 NMLS Annual Conference & Training.
Registration for the conference is not required to attend the NMLS Ombudsman Meeting.***



Ombudsman Exhibit Submissions

Bob Niemi, Weiner Brodsky Kider PC

Exhibit 1

Ombudsman Meetings & Work Remote

Trish Lagodzinski, Chartwell Compliance

Exhibit 2

Individual Records associated with multiple Company Records & Audited Financial Statements Delays

Amy Greenwood-Field, McGlinchey Stafford

Exhibit 3

Regulator Communication in Connection with Policy Changes and Law Updates



March 22, 2023

VIA E-MAIL

Jim Payne, NMLS Ombudsman
Conference of State Bank Supervisors (CSBS)
1300 I Street NW, Suite 700 East
Washington, DC 20005

Dear Jim and the CSBS Team:

Thank you for once again for holding the “open” meeting during the in-person NMLS Annual Conference and Training. I have two brief points for discussion today. First may seem minor and know that many times they can be, but the move from a fully open ombudsman meeting to a seemingly structured format has given concerns to some users and their representatives.

To this I note that the virtual meetings were planned, recorded and edited for broadcast. This was certainly practical with the nature of the meetings and technology concerns, but interaction was limited with attendees and the open question period of the meeting was not provided. Now that meetings are back to face-to-face meetings, we urge that the open portion of the session be continued.

Second to the point has been the inclusion of the additional clarifying language that includes “**If selected, the submission will be posted**” in the most recent request and “**If selected for discussion, the submission will be posted**” and that the term “**open**” does not appear in either announcement.

As a strong supporter of the open nature of these meetings, I urge that any intentional or unintentional move to limit open discussion or topics be addressed. The open discussion addresses all issues and concerns of both the regulated and the regulator and provides invaluable perspectives. I hope this is an only an innocent misuse of terms and not a structured move.

The second point for discussion is the ongoing movement towards remote work flexibility. As we have seen, these open discussions as evidenced from the August Ombudsman meeting at the AARMR Conference, has led to new state legislative actions including Montana and Virginia and bill introductions in Florida, Nebraska, and Nevada. But there are states remaining and work remains to be done.

Remote work meets customer expectations while protecting company and consumer data at the times borrowers want and not limited to when an originator is physically working from a licensed location. Remote work provides continuity in times of emergency like forest fires, hurricanes, or floods. Remote work provides needed access to consumers during these times and demonstrates the resiliency of the industry when permitted. But delays for modernization to authorize remote work stands to delay closings, penalize consumers of those states because action was not taken in advance.

I acknowledge that much work has been done, but the effort is not complete. All parties should engage in the open discussion between state regulators and industry, with the coordination of CSBS and not just a state-by-state effort. We can make a difference if we work together. If you are not sure what to do next, please ask me or one of the Industry Advisory Council members working on this cause.

Thank you and I look forward to our discussions during the conference.

Sincerely,



Bob Niemi, CMB®
Director of Government Affairs &
NMLS Ombudsman Alumnus

March 22, 2023

NMLS Ombudsman
Conference of State Bank Supervisors (CSBS)
1129 20th Street NW
Washington, DC 20036

Re: NMLS 2023 - Ombudsman Meeting topics

Dear NMLS Ombudsman:

Thank you for your request for discussion topics for the 2023 April Ombudsman Meeting at the NMLS Annual Conference and Training. These are the issues we would like to address:

1. Individual Records (MU2s) associated with multiple Company Records (MU1s)

During changes of control and new applications, we have run into the following issue:

For officers associated with multiple companies, issues occur when updating the MU2 records – the information and or uploaded documents are often lost in the process. For example, every time either Company A or Company B submits an MU1, it impacts the MU2 if one or both of the companies has a recalled MU2 record. There is a potential loss of information or uploads.

It would be helpful to have an automatic system alert when you recall the MU2 that states, “this record has additional filings/attestations pending” to let the user know that there is another company/user that has recalled the Individual’s record or has a pending MU1 filing associated with the MU2 record. If the record has additional filings/attestations pending, it would also be helpful to have a follow-up alert that asks, “would you like to continue recalling this filing?” Both of these alerts might help solve the potential loss of information/document uploads.

2. Audited Financial Statements Delays

Due to recent backlogs with financial auditors, many companies have missed the requirement to upload audited financial statements 90 days after the fiscal year end. The missed audited financial statements upload requirement automatically generates a deficiency in NMLS. However, not all states have the statutory requirement to upload financial statements within 90 days after the fiscal year end.

Is it possible to align the financial statement upload requirement with the particular state deadlines, e.g., 120 days, 150 days, etc. instead of an automatic 90-day deficiency?

Thank you for the opportunity to present these questions and concerns. Please do not hesitate to contact me at (301) 461-6483 or at plagodzinski@chartwellcompliance.com if you have any questions.

Sincerely,

Patricia Lagodzinski



Senior Compliance Director



Amy Greenwood-Field
Attorney at Law

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McGlinchey Stafford PLLC
1275 Pennsylvania Avenue NW, Suite 420
Washington, DC 20004

March 27, 2023

Mr. Jim Payne
NMLS Ombudsman
ombudsman@nmls.org

RE: Regulator Communication in Connection With Policy Changes and Law Updates

Dear Ombudsman Payne:

I am writing you in connection with an issue that, while not directly related to the NMLS system itself, is one that is of concern in the rapidly changing regulatory environment and which I believe that NMLS may be able to help alleviate on behalf of industry. In the current financial services regulatory environment there is concern that industry members may not be aware of changes or updates to regulatory positions that would affect current business models.

For example, many state regulators either have already adopted, or are in the process of considering legislative changes to move towards adoption of the CSBS Model Money Transmission Modernization Act (“MSB Model Law”). While industry supports the efforts to move towards uniformity of regulatory oversight with MSB Model Law adoption, tracking updates made to individual state laws is a difficult process. To date we have seen both partial adoptions and full MSB Model law adoptions, differing on a state-by-state basis. While CSBS is tracking legislative introductions and adoptions on its website, it is not readily apparent via Google search that the landing page dated January 6, 2022, also includes high level tracking of currently proposed legislation. While it is easy for a state that makes a change to its law that would affect current licensees to notify those licensees (either via email contact and/or NMLS notifications), it is harder to reach entities that may have not been previously regulated (either by exemption, opinion or no-action, or via licensable activity definitions).

Industry members that have business operations related to virtual currency or other business models that have traditionally operated outside of the licensed regulatory environment have a vested interest in tracking regulatory updates. Many industry members are currently operating subject to a public “no action” determination that was either issued directly to the company upon review of a specific business model or, in many cases, by modeling the company’s business operations upon models that have been subject to previous regulatory review and public determinations. In the current regulatory environment, some states have already or are expected to re-evaluate those previous public interpretations of their law and regulations. Should changes result in previously excluded business models now requiring licensure, it is essential that regulators provide ample time and public notification for industry members operating under previously non-regulated business models to transition to a licensed state without incurrance of penalties for unlicensed activity.

Similarly, we expect regulatory changes in the near future as regulators respond to the recent public bank closures. Many industry members had accounts at these banks where either operating, customer, or other funds and lines of credit were held. As regulators determine whether changes are necessary in order to appropriately address

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Mr. Jim Payne
March 27, 2023
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risk by both their licensed entities and by their licensed entities that may utilize the services of larger financial institutions, any changes to current expectations need to be communicated to industry with ample lead time in order for updates to be made without disruption to business activities.

We urge regulators to not only provide notification of such changes to their law or interpretations via their own public websites but to also share that information with their regulatory associations, including with NMLS. While NMLS currently posts a listing of "Agency News" on the NMLS Resource Center, those new items only appear on that landing page for a limited period of time and archives of such news items are not readily accessible. A search of the NMLS Resource Center provides an archive of "Agency-Specific Alerts" (related to annual renewal); and a "News Archive 2021" which only provides a listing of items retroactively to February 15, 2023. If NMLS were to provide a landing page on the resource center which contains a matrix of archived agency adoption and news links, that would be helpful for industry as they attempt to track changes in regulatory oversight.

While the focus of this submission concerns the MSB Model Law adoption and related regulatory updates, providing wide access to similar archives in connection with other regulated industries hosted through the NMLS would be helpful as well.

I appreciate your time and consideration of this submission and look forward to discussing these issues further at the upcoming Ombudsman meeting in Phoenix.

Sincerely,

McGlinchey Stafford PLLC



Amy Greenwood-Field