

Update the Nationwide Multistate Licensing System & Registry (NMLS) Process for Mortgage Applications and Amendments Processing

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Background of Division

The mission of the Board of Financial Institutions, Consumer Finance Division, is to serve the citizens of the State of South Carolina by:

- Licensing, supervising, examining and regulating the financial community in our oversight jurisdiction.

- Protecting the public from unlawful or improper practices of our financial institutions.

We will work to ensure that our financial institutions adhere to the law.

- Educate and communicate with the public giving them the information they need to make wise financial choices.

- Operate a safe and sound financial system so that the public can have the highest confidence possible.

- Promoting the growth, innovation and financial stability of our State financial institutions, which allows them to be more competitive and profitable; therefore, offering a broad range of products/services and making them more accessible and affordable to the public.

- Creating an environment where the State charter is the charter of choice for institutions headquartered in the State.

The South Carolina State Board of Financial Institutions (Consumer Finance Division) requires all mortgage companies, branches and mortgage loan originators choosing to act as a mortgage lender/servicer/branch or a mortgage loan originator (individual) to complete a record in Nationwide Multi-State Licensing System (NMLS) and submit it to the Consumer Finance Division for review and approval. Any

mortgage company, branch or mortgage loan originator wanting to apply for a South Carolina license must do so through the Nationwide Multi-State Licensing System (NMLS). Licenses are issued and regulated pursuant to the Mortgage Lending Act..

The South Carolina Board of Financial Institutions (Consumer Finance Division) is responsible for regulating, licensing and examination of all non-depository mortgage lender companies, their branch locations and all their individual mortgage loan originators as required under Title 37 Chapter 22 of South Carolina Code, The Mortgage Lending Act and the Federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008.

All company, branch and mortgage loan originator applicants must meet all South Carolina requirements for the applications to be approved for a South Carolina license. All state licensing requirements can be found in the NMLS Resource Center for all license types wanting to apply. All applications must be submitted through the Nationwide Multi-State Licensing System (NMLS).

Purpose Statement

This project was chosen as the checklist process for reviewing all licensing applications and amendment work items in NMLS needed to be updated so that all employees had access to all application and amendment checklists and to improve review time of applications. The South Carolina State Board of Financial Institutions (Consumer Finance Division) was using printed paper handwritten application checklists

for review and approval of NMLS mortgage applications and all amendment work items submitted through NMLS from the applicants. This process takes more time for the review of applications and amendments, the pending checklists were not available to all employees for review follow ups as they were filed in the office. Due to the current pandemic (COVID-19) and employees having to work from home, the prior process relied on the paper application checklists that were pending to be filed in the office. Employees working from home due to the pandemic (COVID-19) did not have access to review the pending printed paper application checklists filed in the office which delayed the review and approval of applications and licenses waiting to be issued. The updated process now allows all employees easy access to the updated folders and forms saved directly on the Division's network drive. The updated checklists are saved as pdf form-filled checklists for all mortgage applications and amendment work items for review submitted through NMLS.

The prior process required employees to manually print all mortgage applications and amendment checklists, complete the checklist by handwriting all required information after review of application or amendment changes, manually scanning in the checklist and then sending out all licenses for approved applications weekly. After thorough review of the prior procedures, I found that due to an influx of mortgage applications and amendment work items, our department accumulated a large backlog of checklists needing to be scanned into the system as well as the large backlog of licenses waiting to be emailed to the applicants since these two steps were only being completed on a weekly basis. (see attachment A)

Updating the NMLS mortgage application process from handwritten printed application paper checklists to form-filled pdf forms, saved on the network drive, now gives all employees access to the folders and forms for all company, branch and mortgage loan originator applications. All employees are now working from the files and folders saved on the network drive, reviewing all applications and amendment items and updating all checklist by completing the pdf form-filled checklists that have been created. Once the review is complete, if the application is approved, the checklist is uploaded into to the system (OnBase) and the license is then sent out via email instead of waiting. The updated process does require a few more steps; however this procedure has eliminated additional backlog as everything is completed at the time of review. Any applications that are pending additional information are saved as a pdf form in the appropriate folders on the network drive so that all employees have access to them for follow up reviews. (see attachment B)

The processing time for the mortgage applications and amendments is important to the mortgage industry as the company, branch locations and mortgage loan originators (MLO) cannot conduct any business in South Carolina until their license is in an approved status. With the influx of applications being received, the new updated checklists process is saving time by not manually printing the checklists and is allowing for more applications and amendments to be reviewed and processed more efficiently.

Data Collection

The data collection for this project included multiple sources. Included was the review of the prior process with creating and using handwritten printed paper checklist, the amount of time needed to create the paper checklist, the overall review time of the application and only scanning the completed approved checklists and sending out the actual licenses weekly. The Division's network drive was reviewed so that the appropriate folders and pdf form-filled forms could be created for use and the folders needed for saving all pending applications for follow up reviews. The backlog issue of manually scanning the paper checklists into the system (OnBase) and the licenses waiting to be sent via email for all approved applications was reviewed as well so that the updated process would make it more efficient. Multiple meetings were held with employees, the program manager and the Commissioner to get all feedback so that the updated process would be a benefit to us. Data was also gathered from the Nationwide Multistate Licensing System and the Data Analytics Report in NMLS. The Data Analytics report tracks the amount of mortgage applications and amendment items being processed by each individual employee. Submitted in NMLS

Data Analysis

All data gathered was reviewed to ensure all employees had the information they needed to review or approve the applications and amendment items submitted through NMLS for the company, branch and mortgage loan originator (MLO) applications, while using the updated process when working from home due to the pandemic (COVID-19)

and when working in the office. The new network folders and pdf form-filled forms that were created and saved on the network drive have been easily accessible to all employees and has reduced review time of all applications and amendments since there is no longer checklists being physically printed, handwritten to complete the review process and then if pending and not approved filed in the office for follow up.

The updated process does require the employees to complete a couple additional steps at the time of review such as uploading the checklist in the system (OnBase) and sending out the licenses at the time of review instead of doing these steps once weekly; however by doing these additional steps the amount of backlog is being eliminated as the checklists are not waiting to be scanned into the system as they are now being directly uploaded and there is no backlog of the licenses needing to be sent as they are emailed at the time of review. This has been a huge benefit for the department as well as the applicants and eliminating the backlog issue. The Data Analytics, through NMLS, allows reports to be pulled and reviewed to show the amount of applications and amendments being processed by each separate employee and at various time frames, for all company, branch and individual applications submitted. (see attachment C)

Implementation

The updated process using the saved folders and pdf form-filled forms on the network drive for review of the mortgage applications and amendments has already been implemented in our department and it is going well. Due to the current pandemic

(COVID-19) causing employees to have to work from home, the updated process had to be put in place as soon as possible to ensure all employees would have access to the needed checklists for review and approval of all company, branch and mortgage loan originator (MLO) applications. The updated process seems to be working out to our advantage in our department. Not only are the application and amendment item checklists that have been created and saved on the Division's network drive more efficient, the process has eliminated the use of printed handwritten paper applications going forward as well as processing time has been increased on applications, by completing all steps at the same of review, including sending out the company, branch or individual license. The updated procedure in processing the licenses has saved about three to five minutes on each application but has also eliminated having to go back and send out the license at the end of the week and scan in the checklist to OnBase. The backlog issue we were having has also been eliminated as all steps in processing the applications, including uploading the checklist and sending the license, are all completed at the same time. Overall, additional time is being saved. All pending pdf form-filled application and amendment checklists are saved on the Division's network drive versus filing printed paper checklists in the office for follow up reviews. This process keeps all pending application and amendment checklists in one place and makes review time shorter and accessible to everyone working in or out of the office.

Evaluation

The updated process will be evaluated again with the commissioner, program manager and all employees to get their feedback on all updated checklists, review if any additional changes are needed and to see if any steps in the updated process can be improved further. Any necessary changes that would further improve the updated process would be made after the updated checklists process has been reviewed and all feedback has been received from employees, the program manager and the commissioner.

The Data Analytics report will continue to be reviewed with various time frames for all license types (company, branch and mortgage loan originators) to ensure that the updated application process in fact is showing continued progress and license applications and amendments being reviewed and processed in a timely manner for all the applicants in the mortgage industry seeking to obtain a South Carolina license.

Summary

The prior process for processing mortgage applications and amendment items required employees to manually print all application and amendment checklists, complete the checklist, by hand writing all information, while reviewing the application and amendment work item listed on NMLS, manually scanning in the checklist and then emailing all licenses for approved company, branch and mortgage loan originator (MLO) applications weekly. The delay in scanning the application or amendment checklist and

issuance of the licenses is where I found we accumulated a large backlog of scanning and licenses needing to be sent.

Due to COVID 19 and employees working from home, the manual procedure relied on the paper checklists being filed in the office. Employees did not have access to review the printed paper checklists when not working in the office which delayed the approval of applications and license to be issued. The updated procedure now allows access to all employees to use the pdf form filled checklists saved on the network drive for all applications and amendment work items for review and approval.

Employees can now create the checklists for applications and amendments in the network drive, work from the pending saved pdf checklists, upload the checklist into the system using OnBase and send out the license at the time of review. The new process has eliminated the backlog of manually scanning all completed checklists and sending out all approved company, branch and mortgage loan originator (MLO) licenses.

Mortgage Lender/Service License Admendments

Unique ID# _____

Name:	_____	Address Change/ Add OTN
OTN #1	_____	Ck log #
OTN #2	_____	Date cleared:
OTN #3	_____	Amount:
OTN #4	_____	_____
OTN #5	_____	
Address:	_____	

Change Type : QI___ Address___ Name___ Ownership___ OTN___
Effective Date:

Date Received	Person Reviewing	
_____	_____	QI Change
_____	_____	QI Name: _____ Unique ID# _____
_____	_____	Approved as an MLO
_____	_____	New DMP Form _____ QI Being Removed
_____	_____	Change of Address
_____	_____	Pre - Notification letter 7 days prior to move
_____	_____	New License Sent
_____	_____	Change of Name
_____	_____	New Bond or Bond Rider for change of name
_____	_____	Entered on Bond Details Spreadsheet
_____	_____	Secretary of State Filing
_____	_____	South Carolina
_____	_____	Home state of incorporation
_____	_____	New Co License sent _____ New Co OTN License
_____	_____	New BR License sent _____ New BR OTN License
_____	_____	New Licenses sent on MLO's
_____	_____	Change of Ownership
_____	_____	Pre - Notification letter
_____	_____	Notice that FEIN not changing
_____	_____	Secretary of State Filing
_____	_____	South Carolina
_____	_____	Home state of incorporation
_____	_____	Change in Ownership Legal Documents
_____	_____	Addition of Other Trade Name License
_____	_____	New Bond or Bond Rider for OTN license
_____	_____	Association made in NMLS with Other Trade Name(s)
_____	_____	Entered on Bond Details Spreadsheet
_____	_____	New License Sent

Company Name: _____

NMLS #: _____

<u>Date</u>	<u>Initials</u>	
_____	_____	Control Person's Name:
_____	_____	Add/Removed: NMLS ID#:
_____	_____	FBI
_____	_____	"YES" Disclosure questions uploaded into NMLS
_____	_____	Credit Report:
_____	_____	Control Person's Name:
_____	_____	Add/Removed: NMLS ID#:
_____	_____	FBI
_____	_____	"YES" Disclosure questions uploaded into NMLS
_____	_____	Credit Report:
_____	_____	Control Person's Name:
_____	_____	Add/Removed: NMLS ID#:
_____	_____	FBI
_____	_____	"YES" Disclosure questions uploaded into NMLS
_____	_____	Credit Report:
_____	_____	Control Person's Name:
_____	_____	Add/Removed: NMLS ID#:
_____	_____	FBI
_____	_____	"YES" Disclosure questions uploaded into NMLS
_____	_____	Credit Report:
_____	_____	Control Person's Name:
_____	_____	Add/Removed: NMLS ID#:
_____	_____	FBI
_____	_____	"YES" Disclosure questions uploaded into NMLS
_____	_____	Credit Report:

Branch License Amendment

Unique ID# _____

Name: _____

Ck log # _____

OTN#1 _____

Amount: _____

OTN#2 _____

OTN#3 _____

OTN#4 _____

OTN#5 _____

Address: _____

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Date Received	Person Reviewing
_____	_____

Name ____ Address ____ Branch Manager ____ OTN ____

Effective Date: _____

Name Change

_____	_____	New Lease Agreement / Sublease Agreement
_____	_____	New agreement or written acknowledgement from home office
_____	_____	Review/Approve all MLO's associated with Branch
_____	_____	License Sent

Address Change

_____	_____	Pre - Notification letter / A C N
_____	_____	New Lease Agreement / Sublease Agreement
_____	_____	New agreement or written acknowledgement from home office
_____	_____	License Sent

Branch Manager Change

_____	_____	Branch Manager Approved in NMLS as a MLO
_____	_____	New Branch Manager: _____ ID# _____
_____	_____	New Branch Manager Form
_____	_____	New agreement or written acknowledgement from home office

OTN License

_____	_____	Company Applied for an OTN License
_____	_____	OTN license approved in NMLS
_____	_____	Association made in NMLS with Other Trade Name(s)
_____	_____	License Sent

Requirements/Deficiencies:	Set	Rec.

Mortgage Loan Originator License

Unique ID # «ID»

Name: «Name»
 Employer: _____
 NMLS ID # _____
 MU4 Filing Date: «Date»

Ck Log #
Amount:

<u>Date</u>	<u>Initial</u>	
_____	_____	Credit Report Score Issues:
_____	_____	FBI Background Check
_____	_____	Disclosure Explanations
_____	_____	Education: Federal <input type="checkbox"/> State <input type="checkbox"/>
_____	_____	Testing
_____	_____	Other Business (Financial Related) YES/NO
_____	_____	Employment History Updated in NMLS
_____	_____	South Carolina MU2 Associations: BM / QI / CP / MLO
_____	_____	NMLS ID # of licensed location Distance Verified YES/NO
_____	_____	Company Approved in NMLS
_____	_____	Sponsorship Accepted:
_____	_____	Regulatory action taken: YES / NO
_____	_____	License denied or revoked in any other states? YES / NO
_____	_____	MLO Work Completed and Archived Boxes checked
_____	_____	License Approved in NMLS
_____	_____	License Created and Sent

Requirements/Deficiencies:	Set	Rec.

Signature: _____	Date: _____
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Attachment B

NMLS Mtg Form Fill Checklists ... > Company Applications 03-24-20 ↕ ↻

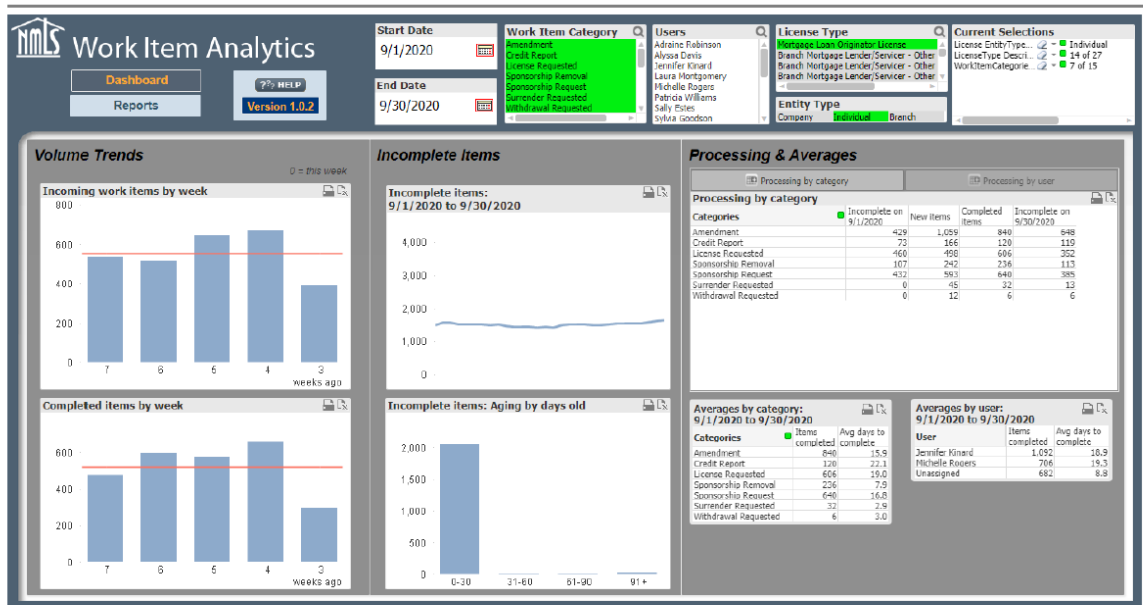
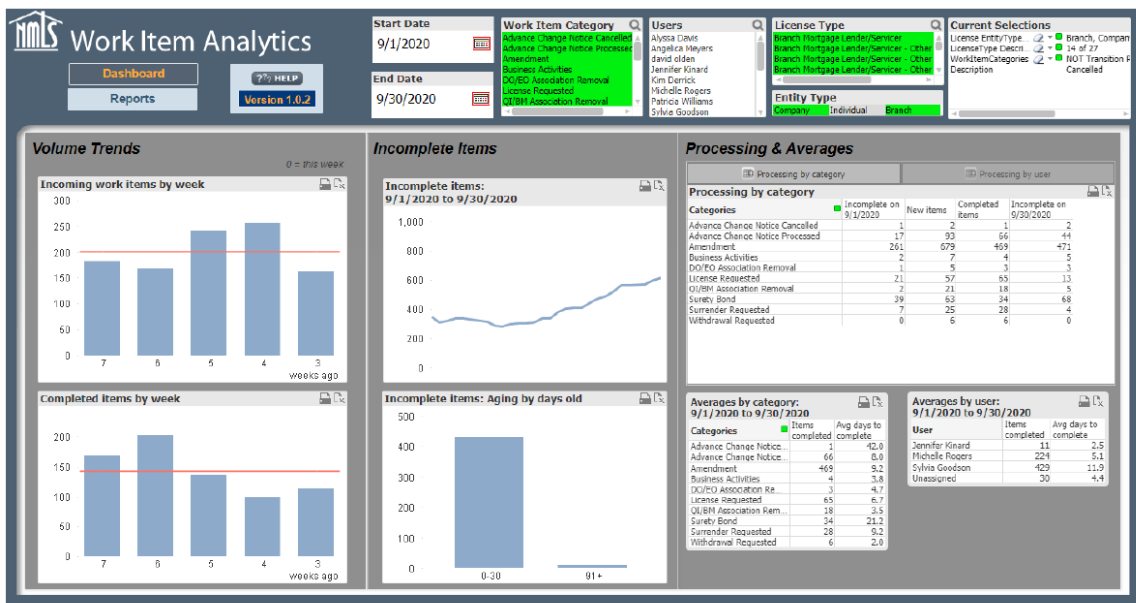
Name	Date modified	Type	Size
Company Applications-Addition of OTN's	1/22/2021 3:43 PM	File folder	
Company Approved Applications	1/13/2021 11:03 AM	File folder	
Company Approved Applications-Name Changes	1/14/2021 4:23 PM	File folder	
Company Approved Deficient Applications	9/9/2020 11:15 AM	File folder	
Company Approved Inactive Applications	3/24/2020 2:35 PM	File folder	
Company Control People	12/23/2020 3:23 PM	File folder	
Company Pending Deficient Applications	1/22/2021 3:22 PM	File folder	
Company Pending Review Applications	1/15/2021 8:31 AM	File folder	
Company QI's	1/20/2021 2:29 PM	File folder	
Company Amendment 5-13-2020	5/13/2020 4:01 PM	Adobe Acrobat Docume...	1,015 KB
Company Checklist	9/1/2020 3:40 PM	Adobe Acrobat Docume...	2,452 KB
Control People	8/3/2020 8:49 AM	Adobe Acrobat Docume...	1,694 KB

NMLS Mtg Form Fill Checklists ... > Branch Applications 03-24-2020 ↕ ↻

Name	Date modified	Type	Size
Branch Approved Applications	1/28/2021 9:48 AM	File folder	
Branch Approved Deficient Applications	7/22/2020 9:04 AM	File folder	
Branch Approved Inactive Applications	1/28/2021 9:44 AM	File folder	
Branch Pending Deficient Applications	1/28/2021 10:06 AM	File folder	
Branch Amendment 5-14-2020	10/19/2020 8:50 AM	Adobe Acrobat Docume...	2,861 KB
Branch Checklist 5-14-2020	5/14/2020 10:47 AM	Adobe Acrobat Docume...	1,717 KB

NMLS Mtg Form Fill Checklists 03... > MLO Applications 03-24-2020 ↕ ↻

Name	Date modified	Type	Size
MLO Approved Applications	7/31/2020 5:06 AM	File folder	
MLO Approved Inactive Applications	1/28/2021 1:39 PM	File folder	
MLO Pending Deficient Applications	1/28/2021 11:44 AM	File folder	
MLO Pending Deficient TA Applications	1/28/2021 2:09 PM	File folder	
MLO Pending Review TA Applications	1/27/2021 1:51 PM	File folder	
Maiese, Joshua Paul 1879317	1/27/2021 2:46 PM	Adobe Acrobat D...	1,036 KB
MLO Checklist 5-13-2020	7/8/2020 1:48 PM	Adobe Acrobat D...	1,495 KB
MLO Checklist 7-9-2020	12/22/2020 8:54 AM	Adobe Acrobat D...	1,060 KB



Prior Backlog

