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## Nebraska Department of Banking and Finance

### Criteria For Mortgage Loan Originator Applications

Under Neb. Rev. Stat. § 45-729(1)(c), all applicants for a mortgage loan originator (“MLO”) license under the Nebraska Residential Mortgage Licensing Act (“RMLA”) must demonstrate, at a minimum, that the applicant (1) has not had an MLO license revoked, (2) has not been convicted of, or plead guilty to, any felonies or certain misdemeanors, (3) has demonstrated financial responsibility, (4) has demonstrated character, and general fitness such as to command the confidence of the community and to warrant a determination the MLO will operate honestly, fairly, and efficiently within the purposes of the RMLA, (5) has completed certain education requirements, and (6) is sufficiently bonded.

After receiving an application, the Department may notify an MLO about its intent to deny an application if it does not meet the minimum requirements of the RMLA. Upon receiving notice of an intent to deny from the Department, an MLO can supplement his or her original MLO application as indicated below.

An applicant must demonstrate **financial responsibility** sufficient to command the confidence of the community. An individual is not financially responsible when shown a disregard in the management of their own financial condition. If an applicant has any **judgment, government tax lien/filing, single delinquent credit** account of more than \$250.00, or multiple delinquent credit accounts of any amount (all inclusively referred to as “**debt**”) the applicant can provide for the Department’s consideration:

1. A written explanation for the debt, and;
2. A written concrete, measurable, realistic plan to pay each debt, or payment plan with the creditor, court, or government agency, and;
3. Documentation of at least 3 separate consecutive monthly payments toward all past due, collection, or debt accounts.
4. The Department will not consider debt accounts directly held by a medical creditor.
5. “Charged Off” debt accounts remain legally owed debts and proper payment documentation will be required, until the debt is forgiven, canceled, or discharged by the creditor.

If the applicant has had, or will have, a **mortgage modification** in the immediate future, or past 3 years, the applicant can provide for the Department’s consideration:

1. Notification in writing if attempting to (or did) enter, or negotiate, into a mortgage modification plan, and;
2. Documentation of the modification attempt (or transaction), and;
3. Documentation of the final outcome of any attempt.

If the applicant has had a **foreclosure** within the past 3 years, the applicant can provide for the Department’s consideration:

1. Disclosure of the foreclosure action on applicant’s NMLS record, and;
2. Documentation (typically court records) indicating applicant is not responsible for any deficiency resulting from the foreclosure if completed, or;

3. Documentation of foreclosure action initiation, progress, redemption, modification, or subject to short sale if not yet completed, or;
4. Documentation of any anti-deficiency statute that applies to any debt remaining after a foreclosure the applicant was subject to, including case law/statute applicant is relying on.

If the applicant has filed a **bankruptcy** petition within the last 10 years the applicant can provide for the Department's consideration:

1. Disclosure of the bankruptcy petition, within the last 10 years, on their NMLS record, and;
2. If subject of a Chapter 7 petition, documentation of 6 months of post-discharge financial responsibility evidence consisting of timely payment of current bills (rent, insurance, phone, cable, utilities, etc.) for the 6 month post-discharge period, or;
3. If a subject of a Chapter 13 petition, at least 3 months of documentation that payments are being made in accordance with their bankruptcy plan, or;
4. A copy of any discharge order for any bankruptcy petition filed less than 10 years, but more than 6 months ago, and;
5. A copy of the petition schedules (A through J, and Statement of Current Monthly Income), if not already uploaded/disclosed in your NMLS record, for any bankruptcy petition filed less than 5 years ago.

**Documentation:** Can be in the form (with appropriate redactions made) of a statement indicating the dates and amounts of payments made and balance due, cancelled checks, bank statements, receipts, release of lien, satisfaction of judgment, or other similar documentation. All documentation must be dated and clearly indicate the names of the creditor and debtor. Ambiguous documentation will not be considered. Can submit documentation to the Department either by mail, or by emailing a PDF (PDF only) version, to [dob.mortgage@nebraska.gov](mailto:dob.mortgage@nebraska.gov). Note in your submission it is being sent in anticipation of the Department's review of the application. It must include your name and NMLS unique identifier in the subject, or reference, line. If you need NMLS upload assistance, please see the NMLS Resource Center quick guides or call the NMLS Call Center for assistance at 855-665-7123. Please send an e-mail to [dob.mortgage@nebraska.gov](mailto:dob.mortgage@nebraska.gov) to notify us when you have completed this required action. Please include your name and NMLS # in the subject line of all e-mails to the Department.

**Debt Disputes:** If you have disputed the validity, or amount, of a debt, submit written documentation of the dispute to show the dispute has been filed and is active. Any dispute not resolved after 3 months is assumed to no longer be in a disputed status and will need to be documented, as above, with written plans, explanations, and proof of payments toward the debt.

**Debt Payment Frustration:** If you are not allowed, by any creditor, on any debt, to make direct payments to a creditor (i.e. creditor won't accept less than full payment of debt, not possible to make mortgage payments while modification application is being processed) the Department requires you to create a separate savings/bank account (and provide documentation of) where payments are being made to show the debt is capable of being paid when it is possible.

An applicant must demonstrate the MLO has not been **convicted** of, or plead guilty to, any felonies or certain misdemeanors in any domestic, foreign, or military court. If the applicant has any State, or Federal, **misdemeanors** which involve dishonesty or fraud, or which involve any aspect of mortgage banking, depository institutions, or installment loan companies, the applicant can provide for the Department's consideration (but does not guarantee licensure):

1. Documentation of a pardon, expungement, or set aside of the conviction, or;

2. Public record documents of the indictment, or other charging documents, and disposition of the criminal matter, and;
3. A written explanation of the incident.

If the applicant has **any felony** under State or Federal law, the applicant can provide for the Department's consideration:

1. Documentation of a pardon, expungement, or set aside of the conviction.

An applicant must demonstrate **character and general fitness** sufficient to command the confidence of the community and that they will operate honestly, fairly, and efficiently under the RMLA. If the applicant has had, or is currently having, any negative, or adverse, action (**fine**, sanction, suspension, license **revocation**, consumer initiated arbitration, etc.) taken against them by a State or Federal agency (such as the Securities and Exchange Commission, a Real Estate Board or Commission, any financial or banking agency, etc.) the Department will consider (but does not guarantee licensure):

1. A written explanation of the incident and any relevant circumstances, and;
2. Any public records documenting the action, and disposition of the matter, and;
3. Any documentation the action was terminated, if any exists.

If the applicant, in the course of employment, has ever voluntarily resigned, been discharged or **terminated**, or was permitted to resign after allegations were made accusing the applicant of violating statutes, regulations, rules, industry standards of conduct, or fraud, dishonesty, theft, or wrongful taking of property, the applicant can provide for the Department's consideration (but does not guarantee licensure):

1. A written statement of the incident and the resulting action taken, and;
2. Any documentation provided by the employer regarding the incident and resulting action taken.
3. The Department may contact former employers of an applicant. Not disclosing negative employment action, while attesting to the accuracy of the non-disclosure in NMLS, creates a deniable action under an application.

After the Department notifies an applicant of its intent to deny an application for not meeting the RMLA's minimum requirements, the applicant has 120 days to provide all necessary minimum requirement information to the Department. If the applicant does not provide the necessary information within this time period, or provides no further information, the application will be denied or deemed abandoned. Temporary authority will not be available to any eligible applicant after being notified of the Department's intent to deny for not meeting the RMLA's minimum requirements. Upon notification of an intent to deny an application, in lieu of providing more information, an applicant may request a hearing within 15 business days of receipt of the Department's notification of an intent to deny the application. A hearing will be scheduled within 30 days, an independent hearing officer will be appointed, and a court reporter will be retained. Applicants requesting a hearing may be required to pay all hearing expenses as a result of the hearing.