

BACKGROUND AND CREDIT CHECKS

FREQUENTLY ASKED QUESTIONS

Criminal History Checks

Q. Does the Department require fingerprints for a criminal background check?

A. Yes.

Q. Where do I submit my fingerprints?

A. Fingerprints will be submitted through the NMLS. You do not submit fingerprint cards to the Department. Any cards that are submitted to the Department will be returned unprocessed.

Q. How do I submit my fingerprints?

A. The NMLS is currently in the process of adding fingerprint functionality to the system. Further information as to how to submit fingerprints will be posted at a later time.

Q. When will the NMLS be able to accept fingerprint submissions?

A. It is anticipated that the fingerprint functionality will be available in January 2010.

Q. Where will fingerprints be taken?

A. The NMLS is working with a vendor to establish a nationwide, electronic fingerprinting network. It is anticipated that mortgage loan originators will be able to have their prints taken electronically, rather than by submitting fingerprint cards. Further information concerning locations will be posted at a later time.

Q. What is the advantage of electronic fingerprinting?

A. Electronic fingerprinting, known as live scan, is a much faster process as results are received from the FBI in a matter of a few days, as opposed to the few weeks associated with fingerprint cards.

Q. If I am licensed in multiple states, will I need to submit multiple sets of fingerprints?

A. No. One set of fingerprints will be submitted to the NMLS and will be used for all states.

Q. If I decide in the future to obtain a license in a new state, do I need to submit a new set of fingerprints?

A. No. The NMLS will store your fingerprints and use them to run a new background check whenever you apply for a license in a new state.

Q. Will there be follow up criminal history checks after I obtain a license?

A. Yes. A criminal history check will be obtained at least once every three years after you obtain a mortgage loan originator license. Therefore, if you have a criminal history check in 2010 to obtain a Nebraska mortgage loan originator license, another check would be required prior to you renewing your license in December 2013. Some states may require more frequent background checks.

Q. Will the Department receive a notice if I am subsequently arrested for or convicted of a crime?

A. Not initially. The FBI has entered into a contract with a vendor to develop a system to provide an automatic update of such events to state regulators. It is anticipated that this system will be available in 2012. Therefore, the Department intends to require that all mortgage loan originators authorize the Department to obtain a new background check prior to December 2013, as outlined above, and to require individuals to authorize the Department to receive the automatic update of any new events. Once an individual has authorized the automatic updates, the Department will not require any additional criminal history checks, and the individual would not have to obtain a new criminal history check unless they applied for a new license in a different state. Regardless of whether the Department obtains a notice from the FBI, you are still required to notify the Department of the conviction of a felony or a misdemeanor involving fraud or dishonesty within three business days.

Q. Are there certain crimes which will make me ineligible to obtain a MLO license?

A. Yes. The Department cannot grant a license to an individual who has any felony convictions or a conviction of a misdemeanor involving fraud, dishonesty, or any financial industry-related misdemeanor.

Q. I have been pardoned for a felony I committed many years ago. Will I be able to get a license?

A. A pardon removes the ineligibility and the Department can grant a license if you meet all of the other requirements. However, you should disclose the conviction on the Form MU4, and then submit the supporting material showing that you have been pardoned.

Credit Reports

Q. Will the Department obtain my credit report?

A. Yes. The Department is required to determine whether an applicant is financially responsible in order for it to issue a MLO license.

Q. How do I authorize the Department to obtain my credit report?

A. You will give electronic authorization through the NMLS. More information will be forthcoming regarding the procedure.

Q. Will I need to provide a credit report to each state in which I am seeking a license?

A. You will need to authorize the NMLS to obtain the credit report. The report will then be shared with each state in which you hold a license or have an application pending. Therefore, initially only one report will be pulled. If you subsequently apply for a license in a new state, a new credit report will be pulled and shared with all states in which you are licensed or have a pending application.

Q. Will my credit scores be impacted by the pulling of the credit report?

A. No. The pulling of a credit report for licensing purposes has no impact on credit scores.

Q. Will the Department pull my credit report as part of my license renewal application?

A. The Department will not routinely require credit reports from individual MLO licensees. However, the Department will receive and review a credit report obtained in connection with a license application in another state. In certain cases, the Department may require the individual to provide authorization for the Department to obtain a credit report.

Q. If I declare bankruptcy after receiving a license, do I need to notify the Department?

A. Yes. You must notify the Department within three business days after filing bankruptcy. In addition, there are other questions on the Form MU4 related to financial issues. You are required to update the answers to these questions within thirty days if there are new events or circumstances which would require you to answer “Yes” to any of those questions.

Q. What factors will the Department consider in determining whether I am financially responsible?

A. The Department will consider several factors, including, but not limited to, tax liens, judgments, patterns of serious delinquent accounts, and foreclosures.

Q. Will the Department consider my credit scores in making a decision?

A. The Department’s decision will not use credit scores as a basis for denying a license application.

Q. I recently had a medical issue and I could not pay the bill. A debt collector is now contacting me. How will this impact a decision on my license application?

A. The Department will not consider medical debts and judgments related to medical debts in making a decision on a license application.

Q. I filed for bankruptcy. Will I still be able to get a MLO license?

A. A bankruptcy does not automatically disqualify you from receiving a MLO license. The Department may consider the factors which led to the bankruptcy filing in making its determination as to whether the applicant is financially responsible.

Q. The mortgage market has been tough for the last few years and as a result I have had some credit problems. Will I get the chance to explain these issues to the Department?

A. Yes. If the Department has concerns after reviewing the credit report, it will contact the applicant and ask for an explanation. The Department will consider the information submitted by the applicant in making its decision.

Q. Will it be possible for me to get more time to work out my financial issues rather than the Department denying my license application?

A. There may be certain circumstances in which the Department might determine that a conditional license is appropriate. The MLO would be required to take certain actions to improve their credit situation in order to retain his or her license.