

Streamlining State Advertising Disclosures

MBA urges state regulators—through legislation or rulemaking—to implement a uniform licensing disclosure protocol¹ that directs consumers to the NMLS Consumer Access Website.² If done nationally, reliance on such a protocol would improve consumer disclosures regarding company licensing information.

OVERVIEW

- Currently required state licensing disclosures for print and electronic advertising are not achieving their intended objective of informing and protecting consumers because they convey little useful information. In fact, when print, radio or television ads are circulated in multiple states, the preponderance of licensing disclosures render them collectively invisible to consumers. Worse, in radio ads these disclosures require speed reading that is unintelligible and serves no practical purpose.
- Most states have now adopted the Conference of State Bank Supervisors (CSBS) / American Association of Residential Mortgage Regulators (AARMR) model law provision requiring state-licensed mortgage companies and loan originators to exhibit their Nationwide Mortgage Licensing System and Registry (NMLS) Unique Identifier in their origination-focused consumer solicitations and advertisements.³
- However, in implementing this standard, numerous state legislators and regulators adopted additional disclosure requirements (or retained older disclosure requirements) for their particular licensing information.
- Examples range from the requirement of an in-state business address, a statement that the licensee is regulated by a particular state agency, the requirement of state-specific license numbers, and more.

IMPACT

- Consumers are not served by the current state advertising disclosure requirements.
- The cumulative effect of current requirements is a laundry list of statements—crammed into a few seconds of airplay or into the “fine print”—and disclosures that are rendered invisible and likely meaningless to the consumer.

¹ MBA Proposal: “Uniform State Licensing Advertisement Disclosures.” Available at: <http://mba-pc.informz.net/mba-pc/data/images/PolicyDocuments/MBA%20Proposal%20-%20Licensing%20Ad%20Disclosure.pdf>.

² www.nmlsconsumeraccess.org.

³ “MSL XX.XXX.210 UNIQUE IDENTIFIER SHOWN—The unique identifier of any person originating a residential mortgage loan shall be clearly shown on all residential mortgage loan application forms, solicitations or advertisements, including business cards or websites, and any other documents as established by rule, regulation or order of the Commissioner.” Available at <http://mortgage.nationwidelicingsystem.org/SAFE/NMLS%20Document%20Library/MSL-Final.pdf>.

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- In a worst case scenario, these disclosures appear disingenuous.
- If a lender promotes its services regionally or nationally, the resulting disclosures become confusing and exceedingly lengthy when accounting for—in aggregate—these state-specific licensing disclosure requirements.
- Moreover, these disclosures absorb significant portions of costly radio/television airtime, as well as print space, without conveying information that is intelligible or readable.
- The result is advertising disclosures that meet the requirements of the law, but convey little value to consumers and industry alike.

MBA'S PROPOSAL / NEXT STEPS

- MBA suggests that a more effective approach for consumers, lenders, and policymakers would be the adoption of a uniform protocol for disclosing licensing information in advertisements, which would:
 - Provide consumers with necessary clarity regarding the state licensing of mortgage companies and professionals; and
 - Streamline the industry's representation of its state licensing statuses.
- Accordingly, MBA is currently advocating for state legislator and/or regulator adoption of the following Proposal:
 - **Synopsis:**
 - Consumers should be directed through a uniform disclosure to NMLS Consumer Access—the comprehensive, state regulator-developed database for verifying the credentials and licensing status of mortgage companies and loan originators with whom they seek to do business.
 - NMLS Unique Identifiers would remain a necessity in all origination-focused consumer solicitations and advertisements from state-licensed mortgage companies and professionals.
 - Depending on the particular advertisement medium or use,⁴ lenders would be required to incorporate one of the following phrases:
 - 1) “For licensing information, go to: www.nmlsconsumeraccess.org.”
 - 2) “www.nmlsconsumeraccess.org”
 - States would remove their specific licensing disclosure requirements in favor of this uniform protocol.
 - **Benefits:**
 - Maximum consumer awareness, as this free NMLS website empowers consumers to learn business and employment histories, as well as information on public disciplinary actions (or the absence thereof) in a matter of minutes.
 - Enriched consumer comprehension, through removal of the lender's need for speed-talking and small type size disclosures.
 - Compliance clarity, for mortgage companies and loan originators who—if operating in a regional or national manner, or are aspiring to do so—currently face a plethora of state-specific licensing disclosure requirements.

⁴ See MBA Proposal (link in footnote one) for medium/use specifics.