1   A BILL

2

3   <u>20-802</u>

4

5   IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

6   _____

7

8

9 To standardize licensing and registration application requirements using the Nationwide

10   Mortgage Licensing System and Registry for all non-depository financial institutions

11   regulated through the administration of the Banking Code, to require each applicant to

12   obtain a unique identifier form and apply through the Nationwide Mortgage Licensing

13   System, to authorize the Commissioner to waive or modify by rule any of the

14   requirements of this act or other application requirements in the Banking Code and to

15   establish new requirements as needed to participate in the Nationwide Mortgage

16   Licensing System, to authorize use of the Nationwide Mortgage Licensing System for

17   criminal history background checks and credit checks as necessary, to allow the

18   Commissioner to share confidential information with specified third parties including the

19   Nationwide Mortgage Licensing System, to authorize the Commissioner to contract with

20   third parties to collect fees and share information and maintain records, to authorize

21   license renewal and reinstatement periods, to provide for the payments of non-refundable

22   application fees, to provide that the Commissioner shall report Banking Code violations

23   and enforcement actions to the Nationwide Mortgage Licensing System, to require the

24   Commissioner to establish an information challenge process for data entered into the

25   Nationwide Mortgage Licensing System, and to provide that the Commissioner may

26   promulgate regulations to implement the act, and to provide that the authority to waive

27   certain requirements shall expire 2 years after effective date of the act.

28

29   BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this

30 act may be cited as the "Nationwide Mortgage Licensing System Conformity Act of 2014".

31   Sec. 2. Definitions.

32   For the purposes of this act, the term:

33   (1) "Applicant" means a person filing an initial or renewal application for

34   licensure or registration under the Banking Code.

35   (2) "Application" means an initial or renewal application for licensure or

36   registration under the Banking Code processed through the Department or its designee such as

37   the NMLS or any other person or third party prescribed by the Commissioner.

38   (3) "Banking Code" means the statutory provisions concerning banking and

39   financial institutions which are codified in Title 26 of the District of Columbia Official Code,

40   laws administered by the Commissioner, and rules and regulations promulgated pursuant to those

41   statutory provisions.

42   (4) "Commissioner" means the Commissioner of the Department of Insurance,

43   Securities, and Banking.

44   (5) "Conference of State Bank Supervisors" or "CSBS" means the professional

45   association of state officials responsible for chartering, regulating, and supervising state-

46   chartered commercial and savings banks and state-licensed branches and agencies of foreign

47   banks.

48   (6) "Department" means the Department of Insurance, Securities, and Banking.

49   (7) "Nationwide Mortgage Licensing System and Registry" or "NMLS" means a

50   mortgage licensing system developed and maintained by the Conference of State Bank

51   Supervisors, the American Association of residential Mortgage Regulators, or their successors,

52   for the licensing and registration of persons engaged in the state-regulated financial service

53   industries.

54   (8) "State regulatory Registry, LLC" or "SRR" means the entity that owns and

55 operates the NMLS, or its successor.

56   (9) "Unique Identifier" means a number or other identifier assigned by protocols

57 established by the NMLS.

58   Sec. 3. Unique identifier required.

59   Each licensee and registrant under the Banking Code shall register with, and maintain a

60 valid unique identifier issued by, the NMLS.

61   Sec. 4. Form and contents of application.

62   (a) An application shall be filed on a form prescribed by the Commissioner.

63   (b) Solely for purposes of and as needed for participating in the NMLS, the

64 Commissioner is authorized to waive or modify by rule any requirements for applications, fees,

65 or renewals in Chapter 1A, 3, 9, 10 or 11 of the Banking Code and to establish by rule new

66 regulatory requirements as are reasonably necessary to participate in the NMLS.

67   Sec. 5. Background checks.

68   The Commissioner may use the NMLS as an agent for requesting information from, and

69 distributing information to:

70   (1) The Federal Bureau of Investigation;

71   (2) The Department of Justice; or

72   (3) Other law enforcement agency, regulatory agency, or credit reporting agency.

73

74

75   Sec. 6. Confidential information.

76   To assist in the performance of the Commissioner's duties under this act, the

77   Commissioner may:

78   (1) Share documents, materials, or other information, including confidential and

79   privileged documents, materials, or information subject to this act, with state, federal, and

80   international regulatory agencies and law enforcement authorities, and with the CSBS, SRR,

81   NMLS, and their affiliates or subsidiaries; provided, that the recipient agrees to maintain the

82   confidentiality and privileged status of the documents, materials, or other information;

83   (2) Receive documents, materials, or information, including confidential and

84   privileged documents, materials, or other information, from state, federal, and international

85   regulatory agencies or law enforcement authorities or from the CSBS, SRR, NMLS or their

86   affiliates or subsidiaries, and shall maintain as confidential or privileged any documents,

87   materials, or other information received with notice or the understanding that it is confidential or

88   privileged under the laws of the jurisdiction that is the source of the documents, materials, or

89   other information;

90   (3) Enter into agreements for sharing and using confidential information

91   consistent with this act;

92   (4) Authorize a national criminal background check and submission of

93   fingerprints and other identifying information, submitted through the NMLS, and receive

94   criminal history record information from, NMLS, the Metropolitan Police Department, and the

95   Federal Bureau of Investigation for the purposes of facilitating determinations regarding

96   eligibility for licensure or registration under the Banking Code; and

97   (5) Contract with a third party, including the SRR, the CSBS, or their affiliates or

98   subsidiaries, to perform any functions, including the collection of licensing, registration and

99   processing fees, collection of contact information and other identifying information, fingerprints,

100   written consent to a criminal background check, personal history and experience, and conduct of

101   examinations-related activities covered under the Banking Code, that the Commissioner may

102   consider appropriate.

103   Sec. 7. Renewal.

104   (a) A license or registration issued under this act shall expire on a date to be determined

105   by the Commissioner. A license or registration may thereafter be renewed for one-year term

106   extensions as provided by this section.

107   (b) Before a license expires, the applicant may renew the license or registration for

108   additional one-year terms, if the applicant:

109   (1) Demonstrates that the applicant continues to meet the standards for licensing

110   or registration under this act and under all relevant provisions of the Banking Code;

111   (2) Pays all applicable fees as prescribed by the Commissioner and all third-party

112   fees; and

113   (3) Submits to the Commissioner a renewal application on the form that the

114   Commissioner requires.

115

116   Sec. 8. Application fees.

117   (a) When filing an application, each applicant shall pay the applicable fees prescribed by

118   the Commissioner and any third-party fees. Any fees paid in connection with the processing of

119   an application shall be non-refundable.

120   (b) The Commissioner may increase or decrease the fees set forth in this section. The fees

121   shall be fixed at such rates as may, in the judgment of the Commissioner, be necessary to defray

122   the approximate costs of carrying out the regulatory functions set forth in this act and the

123   Banking Code. These fees shall not be abated or refunded by surrender, suspension, cancellation,

124   or revocation of a registration.

125   Sec. 9. NMLS reporting requirements.

126   The Commissioner shall regularly report violations of the Banking Code, as well as

127   enforcement actions and other relevant information, to the NMLS. The reports shall be subject to

128   the provisions of section 6.

129   Sec. 10. NMLS information challenge process.

130   The Commissioner shall establish by rule a process whereby applicants, licensees, and

131   registrants may challenge information entered into the NMLS by the Commissioner.

132   Sec. 11. Authority of Commissioner to issue regulations.

133   The Commissioner may promulgate regulations as considered necessary and appropriate

134   to implement the provisions of this act.

135   Sec. 12. Sunset.

136   Section 4(b) of this act shall expire 2 years after effective date of this act.

137   Sec. 13. Fiscal impact statement.

138   The Council adopts the fiscal impact statement in the committee report as the fiscal impact

139   statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved

140   December 24, 1973 (87 Stat. 813; D.C. Official Code §1-206.02(c)(3)).

141   Sec. 14. Effective date.

142   This Act shall take effect following approval by the Mayor (or in the event of veto by the

143   Mayor, action by the Council to override the veto), a 30-day period of congressional review as

144   provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December

145   24, 1973 (87 Stat. 813; D.C. Official Code § 1-206.02(c)(1)), and publication in the District of

146   Columbia Register.