

AN ACT

IN THE COUNCIL OF THE DISTRICT OF COLUMBIA

To standardize licensing and registration application requirements using the Nationwide Mortgage Licensing System and Registry for all non-depository financial institutions regulated through the administration of the Banking Code, to require each applicant to obtain a unique identifier form and apply through the Nationwide Mortgage Licensing System, to authorize the Commissioner to waive or modify by rule any of the requirements of this act or other application requirements in the Banking Code and to establish new requirements as needed to participate in the Nationwide Mortgage Licensing System, to authorize use of the Nationwide Mortgage Licensing System for criminal history background checks and credit checks as necessary, to allow the Commissioner to share confidential information with specified third parties including the Nationwide Mortgage Licensing System, to authorize the Commissioner to contract with third parties to collect fees and share information and maintain records, to authorize license renewal and reinstatement periods, to provide for the payments of non-refundable application fees, to provide that the Commissioner shall report Banking Code violations and enforcement actions to the Nationwide Mortgage Licensing System, to require the Commissioner to establish an information challenge process for data entered into the Nationwide Mortgage Licensing System, and to provide that the Commissioner may promulgate regulations to implement this act, and to provide that the authority to waive certain requirements shall expire 2 years after effective date of this act.

BE IT ENACTED BY THE COUNCIL OF THE DISTRICT OF COLUMBIA, That this act may be cited as the “Nationwide Mortgage Licensing System Conformity Act of 2014”.

Sec. 2. Definitions.

For the purposes of this act, the term:

(1) “Applicant” means a person filing an initial or renewal application for licensure or registration under the Banking Code.

(2) “Application” means an initial or renewal application for licensure or registration under the Banking Code processed through the Department or its designee, such as the NMLS or any other person or third party prescribed by the Commissioner.

(3) “Banking Code” means the statutory provisions concerning banking and financial institutions that are codified in Title 26 of the District of Columbia Official Code, laws administered by the Commissioner, and rules and regulations promulgated pursuant to those statutory provisions.

(4) “Commissioner” means the Commissioner of the Department of Insurance, Securities, and Banking.

(5) “Conference of State Bank Supervisors” or “CSBS” means the professional association of state officials responsible for chartering, regulating, and supervising state-chartered commercial and savings banks and state-licensed branches and agencies of foreign banks.

(6) “Department” means the Department of Insurance, Securities, and Banking.

(7) “Nationwide Mortgage Licensing System and Registry” or “NMLS” means a mortgage licensing system developed and maintained by the Conference of State Bank Supervisors, the American Association of Residential Mortgage Regulators, or their successors, for the licensing and registration of persons engaged in state-regulated financial service industries.

(8) “State Regulatory Registry, LLC” or “SRR” means the entity that owns and operates the NMLS, or its successor.

(9) “Unique identifier” means a number or other identifier assigned through protocols established by the NMLS.

Sec. 3. Unique identifier required.

Each licensee and registrant under the Banking Code shall register with and maintain a valid unique identifier issued by the NMLS.

Sec. 4. Form and contents of application.

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

(b) Solely for purposes of and as needed for participating in the NMLS, the Commissioner is authorized to waive or modify by rule any requirements for applications, fees, or renewals in Chapter 1A, 3, 9, 10, or 11 of the Banking Code and to establish by rule new regulatory requirements as are reasonably necessary to participate in the NMLS.

Sec. 5. Background checks.

The Commissioner may use the NMLS as an agent for requesting information from and distributing information to:

(1) The Federal Bureau of Investigation;

(2) The Department of Justice; or

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

Sec. 6. Confidential information.

To assist in the performance of the Commissioner’s duties under this act, the Commissioner may:

(1) Share documents, materials, or other information, including confidential and privileged documents, materials, or information subject to this act, with state, federal, and international regulatory agencies and law enforcement authorities, and with the CSBS, SRR, and NMLS, or their affiliates or subsidiaries; provided, that the recipient agrees to maintain the confidentiality and privileged status of the documents, materials, or other information;

(2) Receive documents, materials, or information, including confidential and privileged documents, materials, or other information, from state, federal, and international regulatory agencies or law enforcement authorities or from the CSBS, SRR, and NMLS or their affiliates or subsidiaries, and shall maintain as confidential or privileged any documents, materials, or other information received with notice or the understanding that it is confidential or privileged under the laws of the jurisdiction that is the source of the documents, materials, or other information;

(3) Enter into agreements for sharing and using confidential information consistent with this act;

(4) Authorize a national criminal background check and submission of fingerprints and other identifying information submitted through the NMLS and receive criminal history record information from the NMLS, the Metropolitan Police Department, and the Federal Bureau of Investigation for the purposes of facilitating determinations regarding eligibility for licensure or registration under the Banking Code; and

(5) Contract with a third party, including the SRR, or the CSBS, or their affiliates or subsidiaries, to perform any functions, including the collection of licensing, registration, and processing fees, collection of contact information and other identifying information, fingerprints, written consent to a criminal background check, personal history and experience, and conduct of examinations-related activities covered under the Banking Code, that the Commissioner may consider appropriate.

Sec. 7. Renewal.

(a) A license or registration issued under this act shall expire on a date to be determined by the Commissioner. A license or registration may thereafter be renewed for one-year term extensions as provided by this section.

(b) Before a license expires, the applicant may renew the license or registration for additional one-year terms, if the applicant:

(1) Demonstrates that the applicant continues to meet the standards for licensing or registration under this act and under all relevant provisions of the Banking Code;

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

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

Sec. 8. Application fees.

(a) When filing an application, each applicant shall pay the applicable fees prescribed by the Commissioner and any third-party fees. Any fees paid in connection with the processing of an application shall be non-refundable.

(b) The Commissioner may increase or decrease the fees authorized by this section. The fees shall be fixed at such rates as may, in the judgment of the Commissioner, be necessary to defray the approximate costs of carrying out the regulatory functions set forth in this act and the Banking Code. These fees shall not be abated or refunded upon surrender, suspension, cancellation, or revocation of a registration.

Sec. 9. NMLS reporting requirements.

The Commissioner shall regularly report violations of the Banking Code, as well as enforcement actions and other relevant information, to the NMLS. The reports shall be subject to the provisions of section 6.

Sec. 10. NMLS information challenge process.

The Commissioner shall establish by rule a process whereby applicants, licensees, and registrants may challenge information entered into the NMLS by the Commissioner.

Sec. 11. Authority of Commissioner to issue regulations.

The Commissioner, pursuant to Title I of the District of Columbia Administrative Procedure Act, approved October 21, 1968 (82 Stat. 1204; D.C. Official Code § 2-501 *et seq.*), may issue rules to implement the provisions of this act.

Sec. 12. Sunset.

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

Sec. 13. Fiscal impact statement.

The Council adopts the fiscal impact statement in the committee report as the fiscal impact statement required by section 602(c)(3) of the District of Columbia Home Rule Act, approved December 24, 1973 (87 Stat. 813; D.C. Official Code §1-206.02(c)(3)).

Sec. 14. Effective date.

This act shall take effect following approval by the Mayor (or in the event of veto by the Mayor, action by the Council to override the veto), a 30-day period of congressional review as provided in section 602(c)(1) of the District of Columbia Home Rule Act, approved December

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

Chairman
Council of the District of Columbia

Mayor
District of Columbia