

LEGISLATURE OF NEBRASKA
ONE HUNDRED EIGHTH LEGISLATURE
SECOND SESSION

LEGISLATIVE BILL 1075

Introduced by Slama, 1.

Read first time January 09, 2024

Committee:

1 A BILL FOR AN ACT relating to banking and finance; to amend sections
2 8-2729, 8-2730, 8-2735, 45-346, 45-346.01, 45-354, 45-737,
3 45-905.01, 45-912, 45-1005, 45-1018, and 45-1033.01, Reissue Revised
4 Statutes of Nebraska; to change provisions relating to applications,
5 background checks, registrations, and required notices under the
6 Nebraska Money Transmitters Act, the Nebraska Installment Sales Act,
7 and the Nebraska Installment Loan Act, registrations and background
8 checks under the Delayed Deposit Services Licensing Act, and
9 required notices under the Residential Mortgage Licensing Act; and
10 to repeal the original sections.

11 Be it enacted by the people of the State of Nebraska,

1 Section 1. Section 8-2729, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 8-2729 Each application for a license under the Nebraska Money
4 Transmitters Act shall be made in writing and in a form prescribed by the
5 director. Each application shall state or contain:

6 (1) For all applicants:

7 (a) The exact name of the applicant, the applicant's principal
8 address, any fictitious or trade name used by the applicant in the
9 conduct of its business, and the location of the applicant's business
10 records;

11 (b) The history of the applicant's criminal convictions and material
12 litigation for the five-year period before the date of the application;

13 (c) A description of the activities conducted by the applicant and a
14 history of operations;

15 (d) A description of the business activities in which the applicant
16 seeks to be engaged in this state;

17 (e) A list identifying the applicant's proposed authorized delegates
18 in this state, if any, at the time of the filing of the application;

19 (f) A sample authorized delegate contract, if applicable;

20 (g) A sample form of payment instrument, if applicable;

21 (h) The locations at which the applicant and its authorized
22 delegates, if any, propose to conduct money transmission in this state;
23 and

24 (i) The name, address, and account information of each clearing bank
25 or banks, which shall be covered by federal deposit insurance, on which
26 the applicant's payment instruments and funds received for transmission
27 or otherwise will be drawn or through which the payment instruments or
28 other funds will be payable;

29 (2) If the applicant is a corporation, the applicant shall also
30 provide:

31 (a) The date of the applicant's incorporation and state of

1 incorporation;

2 (b) A certificate of good standing from the state in which the
3 applicant was incorporated;

4 (c) A certificate of authority from the Secretary of State to
5 conduct business in this state;

6 (d) A description of the corporate structure of the applicant,
7 including the identity of any parent or subsidiary of the applicant, and
8 a disclosure of whether any parent or subsidiary is publicly traded on
9 any stock exchange;

10 (e) The name, business and residence addresses, and employment
11 history for the five-year period immediately before the date of the
12 application of the applicant's executive officers and the officers or
13 managers who will be in charge of the applicant's activities to be
14 licensed under the act;

15 (f) The name, business and residence addresses, and employment
16 history for the five-year period immediately before the date of the
17 application and the most recent personal financial statement of any key
18 shareholder of the applicant;

19 (g) The history of ~~criminal convictions~~ and material litigation for
20 the five-year period immediately before the date of the application of
21 every executive officer or key shareholder of the applicant;

22 (h) Background checks as provided in section 8-2730;

23 (i) ~~(h)~~ A copy of the applicant's most recent audited financial
24 statement including balance sheet, statement of income or loss, statement
25 of changes in shareholder equity, and statement of changes in financial
26 position and, if available, the applicant's audited financial statements
27 for the immediately preceding two-year period. However, if the applicant
28 is a wholly owned subsidiary of another corporation, the applicant may
29 submit either the parent corporation's consolidated audited financial
30 statements for the current year and for the immediately preceding two-
31 year period or the parent corporation's Form 10-K reports filed with the

1 United States Securities and Exchange Commission for the prior three
2 years in lieu of the applicant's financial statements. If the applicant
3 is a wholly owned subsidiary of a corporation having its principal place
4 of business outside the United States, similar documentation filed with
5 the parent corporation's non-United States regulator may be submitted to
6 satisfy this subdivision; and

7 (j) ~~(i)~~ Copies of all filings, if any, made by the applicant with
8 the United States Securities and Exchange Commission or with a similar
9 regulator in a country other than the United States, within the year
10 preceding the date of filing of the application; and

11 (3) If the applicant is not a corporation, the applicant shall also
12 provide:

13 (a) The name, business and residence addresses, personal financial
14 statement, and employment history, for the five-year period immediately
15 before the date of the application, of each principal of the applicant
16 and the name, business and residence addresses, and employment history
17 for the five-year period immediately before the date of the application
18 of any other person or persons who will be in charge of the applicant's
19 money transmission activities;

20 (b) A copy of the applicant's registration or qualification to do
21 business in this state;

22 (c) The history of ~~criminal convictions and~~ material litigation for
23 the five-year period immediately before the date of the application for
24 each individual having any ownership interest in the applicant and each
25 individual who exercises supervisory responsibility with respect to the
26 applicant's activities; ~~and~~

27 (d) Background checks as provided in section 8-2730; and

28 (e) ~~(d)~~ Copies of the applicant's audited financial statements
29 including balance sheet, statement of income or loss, and statement of
30 changes in financial position for the current year and, if available, for
31 the immediately preceding two-year period.

1 Sec. 2. Section 8-2730, Reissue Revised Statutes of Nebraska, is
2 amended to read:

3 8-2730 (1) Effective July 1, 2014, the department shall require
4 licensees under the Nebraska Money Transmitters Act to be licensed and
5 registered through the Nationwide Mortgage Licensing System and Registry.
6 In order to carry out this requirement, the department is authorized to
7 participate in the Nationwide Mortgage Licensing System and Registry. For
8 this purpose, the department may establish, by adopting and promulgating
9 rules and regulations or by order, requirements as necessary. The
10 requirements may include, but are not limited to:

11 (a) Background checks of applicants and licensees, including, but
12 not limited to:

13 (i) Fingerprints of every executive officer, director, partner,
14 member, sole proprietor, or shareholder submitted to the Federal Bureau
15 of Investigation and any other governmental agency or entity authorized
16 to receive such information for a state, national, and international
17 criminal history record information check ~~(i) Checks of an applicant's or~~
18 ~~a licensee's criminal history through fingerprint or other databases,~~
19 except that the department shall not require the submission of
20 fingerprints by (A) an executive officer or director of an applicant or
21 licensee which is either a publicly traded company or a wholly owned
22 subsidiary of a publicly traded company or (B) an applicant or licensee
23 who has previously submitted the fingerprints of an executive officer, ~~or~~
24 director, partner, member, sole proprietor, or shareholder directly to
25 the Nationwide Mortgage Licensing System and Registry and the Federal
26 Bureau of Investigation will accept such fingerprints for a criminal
27 background check;

28 (ii) Checks of civil or administrative records;

29 (iii) Checks of an applicant's or a licensee's credit history; or

30 (iv) Any other information as deemed necessary by the Nationwide
31 Mortgage Licensing System and Registry;

1 (b) The payment of fees to apply for or renew a license through the
2 Nationwide Mortgage Licensing System and Registry;

3 (c) The setting or resetting, as necessary, of renewal processing or
4 reporting dates;

5 (d) Information and reports pertaining to authorized delegates; and

6 (e) Amending or surrendering a license or any other such activities
7 as the director deems necessary for participation in the Nationwide
8 Mortgage Licensing System and Registry.

9 (2) In order to fulfill the purposes of the act, the department is
10 authorized to establish relationships or contracts with the Nationwide
11 Mortgage Licensing System and Registry or other entities designated by
12 the Nationwide Mortgage Licensing System and Registry to collect and
13 maintain records and process transaction fees or other fees related to
14 licensees or other persons subject to the act. The department may allow
15 such system to collect licensing fees on behalf of the department and
16 allow such system to collect a processing fee for the services of the
17 system directly from each licensee or applicant for a license.

18 (3) The director is required to regularly report enforcement actions
19 and other relevant information to the Nationwide Mortgage Licensing
20 System and Registry subject to the provisions contained in section
21 8-2731.

22 (4) The director shall establish a process whereby applicants and
23 licensees may challenge information entered into the Nationwide Mortgage
24 Licensing System and Registry by the director.

25 (5) The department shall ensure that the Nationwide Mortgage
26 Licensing System and Registry adopts a privacy, data security, and breach
27 of security of the system notification policy. The director shall make
28 available upon written request a copy of the contract between the
29 department and the Nationwide Mortgage Licensing System and Registry
30 pertaining to the breach of security of the system provisions.

31 (6) The department shall upon written request provide the most

1 recently available audited financial report of the Nationwide Mortgage
2 Licensing System and Registry.

3 (7) The director may use the Nationwide Mortgage Licensing System
4 and Registry as a channeling agent for requesting information from and
5 distributing information to the United States Department of Justice or
6 any other governmental agency in order to reduce the points of contact
7 which the Federal Bureau of Investigation may have to maintain for
8 purposes of subsection (1) of this section.

9 Sec. 3. Section 8-2735, Reissue Revised Statutes of Nebraska, is
10 amended to read:

11 8-2735 (1) A licensee shall file notice with the director within
12 thirty calendar days after any material change in information provided in
13 a licensee's application as prescribed by the director.

14 (2) A licensee shall file a report with the director within five
15 business days after the licensee has reason to know of the occurrence of
16 any of the following events:

17 (a) The filing of a petition by or against the licensee under any
18 bankruptcy law of the United States for liquidation or reorganization;

19 (b) The filing of a petition by or against the licensee for
20 receivership, the commencement of any other judicial or administrative
21 proceeding for its dissolution or reorganization, or the making of a
22 general assignment for the benefit of its creditors;

23 (c) The filing of an action to revoke or suspend the licensee's
24 license in a state or country in which the licensee engages in business
25 or is licensed;

26 (d) The cancellation or other impairment of the licensee's bond or
27 other security;

28 (e) A charge or conviction of the licensee or of an executive
29 officer, manager, or director of, or controlling person of, the licensee,
30 for a felony; or

31 (f) A charge or conviction of an authorized delegate for a felony.

1 (3)(a) Except as provided in subdivisions (b) and (c) of this
2 subsection, a licensee shall notify the director in writing or through
3 the Nationwide Mortgage Licensing System and Registry within three
4 business days from the time that the licensee becomes aware of any breach
5 of security of the system of computerized data owned or licensed by the
6 licensee, which contains personal information about a Nebraska resident,
7 or the unauthorized access to or use of such information about a Nebraska
8 resident as a result of the breach.

9 (b) If a licensee would be required under Nebraska law to provide
10 notification to a Nebraska resident regarding such incident, then the
11 licensee shall provide a copy of such notification to the department
12 prior to or simultaneously with the licensee's notification to the
13 Nebraska resident.

14 (c) Notice required by this subsection may be delayed if a law
15 enforcement agency determines that the notice will impede a criminal
16 investigation. Notice shall be made in good faith, without unreasonable
17 delay, and as soon as possible after the law enforcement agency
18 determines that notification will no longer impede the investigation.

19 (d) For purposes of this subsection, the terms breach of the
20 security of the system and personal information have the same meaning as
21 in section 87-802.

22 Sec. 4. Section 45-346, Reissue Revised Statutes of Nebraska, is
23 amended to read:

24 45-346 (1) A license issued under the Nebraska Installment Sales Act
25 is nontransferable and nonassignable. The same person may obtain
26 additional licenses for each place of business operating as a sales
27 finance company in this state upon compliance with the act as to each
28 license, except that on or after January 1, 2020, a person is no longer
29 required to obtain a new license for each place of business and may
30 maintain a branch office or offices upon compliance with the act.

31 (2) Application for a license shall be on a form prescribed and

1 furnished by the director and shall include, but not be limited to, (a)
2 the applicant's name and any trade name or doing business as designation
3 which the applicant intends to use in this state, (b) the applicant's
4 main office address, (c) all branch office addresses at which business is
5 to be conducted, (d) the names and titles of each director and principal
6 officer of the applicant, (e) the names of all shareholders, partners, or
7 members of the applicant, (f) a description of the activities of the
8 applicant in such detail as the department may require, (g) if the
9 applicant is an individual, his or her social security number, ~~and~~ (h)
10 audited financial statements showing a minimum net worth of one hundred
11 thousand dollars, and (i) background checks as provided in section
12 45-354.

13 (3) An applicant for a license shall file with the department a
14 surety bond in the amount of fifty thousand dollars, furnished by a
15 surety company authorized to do business in this state. Such bond shall
16 be increased by an additional fifty thousand dollars for each branch
17 location of the applicant that is licensed under the Nebraska Installment
18 Sales Act. The bond shall be for the use of the State of Nebraska and any
19 Nebraska resident who may have claims or causes of action against the
20 applicant. The surety may cancel the bond only upon thirty days' written
21 notice to the director.

22 (4) A license fee of one hundred fifty dollars, and, if applicable,
23 a one-hundred-dollar fee for each branch office listed in the
24 application, and any processing fee allowed under subsection (2) of
25 section 45-354 shall be submitted along with each application.

26 (5) An initial license shall remain in full force and effect until
27 the next succeeding December 31. Each license shall remain in force until
28 revoked, suspended, canceled, expired, or surrendered.

29 (6) The director shall, after an application has been filed for a
30 license under the act, investigate the facts, and if he or she finds that
31 the experience, character, and general fitness of the applicant, of the

1 members thereof if the applicant is a corporation or association, and of
2 the officers and directors thereof if the applicant is a corporation, are
3 such as to warrant belief that the business will be operated honestly,
4 fairly, and efficiently within the purpose of the act, the director shall
5 issue and deliver a license to the applicant to do business as a sales
6 finance company in accordance with the license and the act. The director
7 shall have the power to reject for cause any application for a license.

8 (7) The director shall, within his or her discretion, make an
9 examination and inspection concerning the propriety of the issuance of a
10 license to any applicant. The cost of such examination and inspection
11 shall be borne by the applicant.

12 (8) If an applicant for a license under the act does not complete
13 the license application and fails to respond to a notice or notices from
14 the department to correct the deficiency or deficiencies for a period of
15 one hundred twenty days or more after the date the department sends the
16 initial notice to correct the deficiency or deficiencies, the department
17 may deem the application as abandoned and may issue a notice of
18 abandonment of the application to the applicant in lieu of proceedings to
19 deny the application.

20 Sec. 5. Section 45-346.01, Reissue Revised Statutes of Nebraska, is
21 amended to read:

22 45-346.01 (1) A licensee may move its main office from one place to
23 another without obtaining a new license if the licensee gives notice
24 thereof to the director through the Nationwide Mortgage Licensing System
25 and Registry at least thirty days prior to such move.

26 (2) A licensee shall notify the director through the Nationwide
27 Mortgage Licensing System and Registry at least thirty days prior to the
28 occurrence of any of the following:

29 (a) The establishment of a new branch office. Notice of each such
30 establishment shall be accompanied by a fee of one hundred dollars and
31 any processing fee allowed under subsection (2) of section 45-354;

1 (b) The relocation or closing of an existing branch office; or

2 (c) A change of name, trade name, or doing business as designation.

3 (3)(a) Except as provided in subdivisions (b) and (c) of this
4 subsection, a licensee shall notify the director in writing or through
5 the Nationwide Mortgage Licensing System and Registry within three
6 business days from the time that the licensee becomes aware of any breach
7 of security of the system of computerized data owned or licensed by the
8 licensee, which contains personal information about a Nebraska resident,
9 or the unauthorized access to or use of such information about a Nebraska
10 resident as a result of the breach.

11 (b) If a licensee would be required under Nebraska law to provide
12 notification to a Nebraska resident regarding such incident, then the
13 licensee shall provide a copy of such notification to the department
14 prior to or simultaneously with the licensee's notification to the
15 Nebraska resident.

16 (c) Notice required by this subsection may be delayed if a law
17 enforcement agency determines that the notice will impede a criminal
18 investigation. Notice shall be made in good faith, without unreasonable
19 delay, and as soon as possible after the law enforcement agency
20 determines that notification will no longer impede the investigation.

21 (d) For purposes of this subsection, the terms breach of the
22 security of the system and personal information have the same meaning as
23 in section 87-802.

24 (4) ~~(3)~~ A licensee shall maintain the minimum net worth as required
25 by section 45-346 while a license issued under the Nebraska Installment
26 Sales Act is in effect. The minimum net worth shall be proven by an
27 annual audit conducted by a certified public accountant. A licensee shall
28 submit a copy of the annual audit to the director as required by section
29 45-348 or upon written request of the director. If a licensee fails to
30 maintain the required minimum net worth, the department may issue a
31 notice of cancellation of the license in lieu of revocation proceedings.

1 (5) (4) The surety bond or a substitute bond as required by section
2 45-346 shall remain in effect while a license issued under the Nebraska
3 Installment Sales Act is in effect. If a licensee fails to maintain a
4 surety bond or substitute bond, the licensee shall immediately cease
5 doing business and surrender the license to the department. If the
6 licensee does not surrender the license, the department may issue a
7 notice of cancellation of the license in lieu of revocation proceedings.

8 Sec. 6. Section 45-354, Reissue Revised Statutes of Nebraska, is
9 amended to read:

10 45-354 (1) Effective January 1, 2013, or within one hundred eighty
11 days after the Nationwide Mortgage Licensing System and Registry is
12 capable of accepting licenses issued under the Nebraska Installment Sales
13 Act, whichever is later, the department shall require such licensees
14 under the act to be licensed and registered through the Nationwide
15 Mortgage Licensing System and Registry. In order to carry out this
16 requirement, the department is authorized to participate in the
17 Nationwide Mortgage Licensing System and Registry. For this purpose, the
18 department may establish, by adopting and promulgating rules and
19 regulations or by order, requirements as necessary. The requirements may
20 include, but not be limited to:

21 (a) Background checks of applicants and licensees, including, but
22 not limited to:

23 (i) Fingerprints of every executive officer, director, partner,
24 member, sole proprietor, or shareholder submitted to the Federal Bureau
25 of Investigation and any other governmental agency or entity authorized
26 to receive such information for a state, national, and international
27 criminal history record information check ~~Criminal history through~~
28 ~~fingerprint or other databases;~~

29 (ii) Civil or administrative records;

30 (iii) Credit history; or

31 (iv) Any other information as deemed necessary by the Nationwide

1 Mortgage Licensing System and Registry;

2 (b) The payment of fees to apply for or renew a license through the
3 Nationwide Mortgage Licensing System and Registry;

4 (c) Compliance with prelicensure education and testing and
5 continuing education;

6 (d) The setting or resetting, as necessary, of renewal processing or
7 reporting dates; and

8 (e) Amending or surrendering a license or any other such activities
9 as the director deems necessary for participation in the Nationwide
10 Mortgage Licensing System and Registry.

11 (2) In order to fulfill the purposes of the Nebraska Installment
12 Sales Act, the department is authorized to establish relationships or
13 contracts with the Nationwide Mortgage Licensing System and Registry or
14 other entities designated by the Nationwide Mortgage Licensing System and
15 Registry to collect and maintain records and process transaction fees or
16 other fees related to licensees or other persons subject to the act. The
17 department may allow such system to collect licensing fees on behalf of
18 the department and allow such system to collect a processing fee for the
19 services of the system directly from each licensee or applicant for a
20 license.

21 (3) The director is required to regularly report enforcement actions
22 and other relevant information to the Nationwide Mortgage Licensing
23 System and Registry subject to the provisions contained in section
24 45-355.

25 (4) The director shall establish a process whereby applicants and
26 licensees may challenge information entered into the Nationwide Mortgage
27 Licensing System and Registry by the director.

28 (5) The department shall ensure that the Nationwide Mortgage
29 Licensing System and Registry adopts a privacy, data security, and breach
30 of security of the system notification policy. The director shall make
31 available upon written request a copy of the contract between the

1 department and the Nationwide Mortgage Licensing System and Registry
2 pertaining to the breach of security of the system provisions.

3 (6) The department shall upon written request provide the most
4 recently available audited financial report of the Nationwide Mortgage
5 Licensing System and Registry.

6 (7) The director may use the Nationwide Mortgage Licensing System
7 and Registry as a channeling agent for requesting information from and
8 distributing information to the United States Department of Justice or
9 any other governmental agency in order to reduce the points of contact
10 which the Federal Bureau of Investigation may have to maintain for
11 purposes of subsection (1) of this section.

12 Sec. 7. Section 45-737, Reissue Revised Statutes of Nebraska, is
13 amended to read:

14 45-737 A licensee licensed as a mortgage banker shall:

15 (1) Disburse required funds paid by the borrower and held in escrow
16 for the payment of insurance payments no later than the date upon which
17 the premium is due under the insurance policy;

18 (2) Disburse funds paid by the borrower and held in escrow for the
19 payment of real estate taxes prior to the time such real estate taxes
20 become delinquent;

21 (3) Pay any penalty incurred by the borrower because of the failure
22 of the licensee to make the payments required in subdivisions (1) and (2)
23 of this section unless the licensee establishes that the failure to
24 timely make the payments was due solely to the fact that the borrower was
25 sent a written notice of the amount due more than fifteen calendar days
26 before the due date to the borrower's last-known address and failed to
27 timely remit the amount due to the licensee;

28 (4) At least annually perform a complete escrow analysis. If there
29 is a change in the amount of the periodic payments, the licensee shall
30 mail written notice of such change to the borrower at least twenty
31 calendar days before the effective date of the change in payment. The

1 following information shall be provided to the borrower, without charge,
2 in one or more reports, at least annually:

3 (a) The name and address of the licensee;

4 (b) The name and address of the borrower;

5 (c) A summary of the escrow account activity during the year which
6 includes all of the following:

7 (i) The balance of the escrow account at the beginning of the year;

8 (ii) The aggregate amount of deposits to the escrow account during
9 the year; and

10 (iii) The aggregate amount of withdrawals from the escrow account
11 for each of the following categories:

12 (A) Payments applied to loan principal;

13 (B) Payments applied to interest;

14 (C) Payments applied to real estate taxes;

15 (D) Payments for real property insurance premiums; and

16 (E) All other withdrawals; and

17 (d) A summary of loan principal for the year as follows:

18 (i) The amount of principal outstanding at the beginning of the
19 year;

20 (ii) The aggregate amount of payments applied to principal during
21 the year; and

22 (iii) The amount of principal outstanding at the end of the year;

23 (5) Establish and maintain a toll-free telephone number or accept
24 collect telephone calls to respond to inquiries from borrowers, if the
25 licensee services residential mortgage loans. If a licensee ceases to
26 service residential mortgage loans, it shall continue to maintain a toll-
27 free telephone number or accept collect telephone calls to respond to
28 inquiries from borrowers for a period of twelve months after the date the
29 licensee ceased to service residential mortgage loans. A telephonic
30 messaging service which does not permit the borrower an option of
31 personal contact with an employee, agent, or contractor of the licensee

1 shall not satisfy the conditions of this section. Each day such licensee
2 fails to comply with this subdivision shall constitute a separate
3 violation of the Residential Mortgage Licensing Act;

4 (6) Answer in writing, within seven business days after receipt, any
5 written request for payoff information received from a borrower or a
6 borrower's designated representative. This service shall be provided
7 without charge to the borrower, except that when such information is
8 provided upon request within sixty days after the fulfillment of a
9 previous request, a processing fee of up to ten dollars may be charged;

10 (7) Record or cause to be recorded a release of mortgage pursuant to
11 the provisions of section 76-2803 or, in the case of a trust deed, record
12 or cause to be recorded a reconveyance pursuant to the provisions of
13 section 76-2803;

14 (8) Maintain a copy of all documents and records relating to each
15 residential mortgage loan and application for a residential mortgage
16 loan, including, but not limited to, loan applications, federal Truth in
17 Lending Act statements, good faith estimates, appraisals, notes, rights
18 of rescission, and mortgages or trust deeds for a period of five years
19 after the date the residential mortgage loan is funded or the loan
20 application is denied or withdrawn;

21 (9) Notify the director in writing or through the Nationwide
22 Mortgage Licensing System and Registry within three business days after
23 the occurrence of any of the following:

24 (a) The filing of a voluntary petition in bankruptcy by the licensee
25 or notice of a filing of an involuntary petition in bankruptcy against
26 the licensee;

27 (b) The licensee has lost the ability to fund a loan or loans after
28 it had made a loan commitment or commitments and approved a loan
29 application or applications;

30 (c) Any other state or jurisdiction institutes license denial, cease
31 and desist, suspension, or revocation procedures against the licensee;

1 (d) The attorney general of any state, the Consumer Financial
2 Protection Bureau, or the Federal Trade Commission initiates an action to
3 enforce consumer protection laws against the licensee or any of the
4 licensee's officers, directors, shareholders, partners, members,
5 employees, or agents;

6 (e) The Federal National Mortgage Association, Federal Home Loan
7 Mortgage Corporation, Federal Housing Administration, or Government
8 National Mortgage Association suspends or terminates the licensee's
9 status as an approved seller or seller and servicer;

10 (f) The filing of a criminal indictment or information against the
11 licensee or any of its officers, directors, shareholders, partners,
12 members, employees, or agents; ~~or~~

13 (g) The licensee or any of the licensee's officers, directors,
14 shareholders, partners, members, employees, or agents was convicted of,
15 pleaded guilty to, or was found guilty after a plea of nolo contendere to
16 (i) a misdemeanor under state or federal law which involves dishonesty or
17 fraud or which involves any aspect of the mortgage banking business,
18 depository institution business, or installment loan company business or
19 (ii) any felony under state or federal law; or and

20 (h)(i) Except as provided in subdivisions (9)(h)(ii) and (iii) of
21 this section, a licensee shall notify the director in writing or through
22 the Nationwide Mortgage Licensing System and Registry within three
23 business days from the time that the licensee becomes aware of any breach
24 of security of the system of computerized data owned or licensed by the
25 licensee, which contains personal information about a Nebraska resident,
26 or the unauthorized access to or use of such information about a Nebraska
27 resident as a result of the breach.

28 (ii) If a licensee would be required under Nebraska law to provide
29 notification to a Nebraska resident regarding such incident, then the
30 licensee shall provide a copy of such notification to the department
31 prior to or simultaneously with the licensee's notification to the

1 Nebraska resident.

2 (iii) Notice required by subdivision (9)(h) of this section may be
3 delayed if a law enforcement agency determines that the notice will
4 impede a criminal investigation. Notice shall be made in good faith,
5 without unreasonable delay, and as soon as possible after the law
6 enforcement agency determines that notification will no longer impede the
7 investigation.

8 (iv) For purposes of subdivision (9)(h) of this section, the terms
9 breach of the security of the system and personal information have the
10 same meaning as in section 87-802; and

11 (10) Notify the director in writing or through the Nationwide
12 Mortgage Licensing System and Registry within thirty days after the
13 occurrence of a material development other than as described in
14 subdivision (9) of this section, including, but not limited to, any of
15 the following:

16 (a) Business reorganization;

17 (b) A change of name, trade name, doing business as designation, or
18 main office address;

19 (c) The establishment of a branch office. Notice of such
20 establishment shall be on a form prescribed by the department and
21 accompanied by a fee of seventy-five dollars for each branch office;

22 (d) The relocation or closing of a branch office; or

23 (e) The entry of an order against the licensee or any of the
24 licensee's officers, directors, shareholders, partners, members,
25 employees, or agents, including orders to which the licensee or other
26 parties consented, by any other state or federal regulator.

27 Sec. 8. Section 45-905.01, Reissue Revised Statutes of Nebraska, is
28 amended to read:

29 45-905.01 (1) On and after January 1, 2021, licensees under the
30 Delayed Deposit Services Licensing Act are required to be licensed and
31 registered through the Nationwide Mortgage Licensing System and Registry.

1 In order to carry out this requirement, the department is authorized to
2 participate in the Nationwide Mortgage Licensing System and Registry. For
3 this purpose, the director may establish requirements as necessary by
4 adopting and promulgating rules and regulations or by order. The
5 requirements may include, but are not limited to:

6 (a) Background checks of applicants and licensees, including, but
7 not limited to:

8 (i) Fingerprints of any principal officer, director, partner,
9 member, or sole proprietor submitted to the Federal Bureau of
10 Investigation and any other governmental agency or entity authorized to
11 receive such information for a state, national, and international
12 criminal history record information check;

13 (ii) Checks of civil or administrative records;

14 (iii) Checks of an applicant's or a licensee's credit history; or

15 (iv) Any other information as deemed necessary by the director;

16 (b) The payment of fees to apply for or renew a license through the
17 Nationwide Mortgage Licensing System and Registry;

18 (c) The setting or resetting, as necessary, of renewal processing or
19 reporting dates; and

20 (d) Amending or surrendering a license or any other such activities
21 as the director deems necessary for participation in the Nationwide
22 Mortgage Licensing System and Registry.

23 (2) In order to fulfill the purposes of the Delayed Deposit Services
24 Licensing Act, the department may contract with the Nationwide Mortgage
25 Licensing System and Registry or other entities designated by the
26 Nationwide Mortgage Licensing System and Registry to collect and maintain
27 records and process transaction fees or other fees related to applicants,
28 licensees, or other persons subject to the act. The department may allow
29 such system to collect licensing fees on behalf of the department and may
30 allow such system to collect a processing fee for the services of the
31 system directly from each applicant or licensee.

1 (3) The director shall regularly report enforcement actions and
2 other relevant information to the Nationwide Mortgage Licensing System
3 and Registry.

4 (4) The director shall establish a process whereby applicants and
5 licensees may challenge information entered by the director into the
6 Nationwide Mortgage Licensing System and Registry.

7 (5) The department shall ensure that the Nationwide Mortgage
8 Licensing System and Registry adopts a privacy, data security, and breach
9 of security of the system notification policy. The director shall make
10 available upon written request a copy of such policy and the contract
11 between the department and the system.

12 (6) Upon written request the department shall provide the most
13 recently available audited financial report of the Nationwide Mortgage
14 Licensing System and Registry.

15 (7) The director may use the Nationwide Mortgage Licensing System
16 and Registry as a channeling agent for requesting information from and
17 distributing information to the United States Department of Justice or
18 any other governmental agency in order to reduce the points of contact
19 which the Federal Bureau of Investigation may have to maintain for
20 purposes of subsection (1) ~~(5)~~ of this section.

21 Sec. 9. Section 45-912, Reissue Revised Statutes of Nebraska, is
22 amended to read:

23 45-912 (1) A licensee shall be required to notify the director in
24 writing through the Nationwide Mortgage Licensing System and Registry
25 within thirty days after the occurrence of any material development,
26 including, but not limited to:

27 (a) ~~(1)~~ Bankruptcy or corporate reorganization;

28 (b) ~~(2)~~ Business reorganization;

29 (c) ~~(3)~~ Institution of license revocation procedures by any other
30 state or jurisdiction;

31 (d) ~~(4)~~ The filing of a criminal indictment or complaint against the

1 licensee or any of its officers, directors, shareholders, partners,
2 members, employees, or agents;

3 (e) (5) A felony conviction against the licensee or any of the
4 licensee's officers, directors, shareholders, partners, members,
5 employees, or agents; or

6 (f) (6) The termination of employment or association with the
7 licensee of any of the licensee's officers, directors, shareholders,
8 partners, members, employees, or agents for violations or suspected
9 violations of the Delayed Deposit Services Licensing Act, any rule,
10 regulation, or order thereunder, or any state or federal law applicable
11 to the licensee.

12 (2)(a) Except as provided in subdivisions (b) and (c) of this
13 subsection, a licensee shall notify the director in writing or through
14 the Nationwide Mortgage Licensing System and Registry within three
15 business days from the time that the licensee becomes aware of any breach
16 of security of the system of computerized data owned or licensed by the
17 licensee, which contains personal information about a Nebraska resident,
18 or the unauthorized access to or use of such information about a Nebraska
19 resident as a result of the breach.

20 (b) If a licensee would be required under Nebraska law to provide
21 notification to a Nebraska resident regarding such incident, then the
22 licensee shall provide a copy of such notification to the department
23 prior to or simultaneously with the licensee's notification to the
24 Nebraska resident.

25 (c) Notice required by this subsection may be delayed if a law
26 enforcement agency determines that the notice will impede a criminal
27 investigation. Notice shall be made in good faith, without unreasonable
28 delay, and as soon as possible after the law enforcement agency
29 determines that notification will no longer impede the investigation.

30 (d) For purposes of this subsection, the terms breach of the
31 security of the system and personal information have the same meaning as

1 in section 87-802.

2 Sec. 10. Section 45-1005, Reissue Revised Statutes of Nebraska, is
3 amended to read:

4 45-1005 Any person who desires to obtain an original license to
5 engage in the business of lending money under the terms and conditions of
6 the Nebraska Installment Loan Act or an original license to hold or
7 acquire any rights of ownership, servicing, or other forms of
8 participation in a loan under the act or to engage with, or conduct loan
9 activity with, an installment loan borrower in connection with a loan
10 under the act, shall apply to the department for the license under oath,
11 on a form prescribed by the department, ~~and~~ pay an original license fee
12 of five hundred dollars, and submit background checks as provided in
13 section 45-1033.01. If the applicant is an individual, the application
14 shall include the applicant's social security number.

15 Sec. 11. Section 45-1018, Reissue Revised Statutes of Nebraska, is
16 amended to read:

17 45-1018 (1) A licensee shall on or before March 1 of each year file
18 with the department a report of the licensee's earnings and operations
19 for the preceding calendar year, and its assets at the end of the year,
20 and giving such other relevant information as the department may
21 reasonably require. The report shall be made under oath and shall be in
22 the form and manner prescribed by the department.

23 (2) A licensee shall submit a mortgage report of condition as
24 required by section 45-726, on or before a date or dates established by
25 rule, regulation, or order of the director.

26 (3)(a) Except as provided in subdivisions (b) and (c) of this
27 subsection, a licensee shall notify the director in writing or through
28 the Nationwide Mortgage Licensing System and Registry within three
29 business days from the time that the licensee becomes aware of any breach
30 of security of the system of computerized data owned or licensed by the
31 licensee, which contains personal information about a Nebraska resident,

1 or the unauthorized access to or use of such information about a Nebraska
2 resident as a result of the breach.

3 (b) If a licensee would be required under Nebraska law to provide
4 notification to a Nebraska resident regarding such incident, then the
5 licensee shall provide a copy of such notification to the department
6 prior to or simultaneously with the licensee's notification to the
7 Nebraska resident.

8 (c) Notice required by this subsection may be delayed if a law
9 enforcement agency determines that the notice will impede a criminal
10 investigation. Notice shall be made in good faith, without unreasonable
11 delay, and as soon as possible after the law enforcement agency
12 determines that notification will no longer impede the investigation.

13 (d) For purposes of this subsection, the terms breach of the
14 security of the system and personal information have the same meaning as
15 in section 87-802.

16 Sec. 12. Section 45-1033.01, Reissue Revised Statutes of Nebraska,
17 is amended to read:

18 45-1033.01 (1) The department shall require licensees to be licensed
19 and registered through the Nationwide Mortgage Licensing System and
20 Registry. In order to carry out this requirement, the department is
21 authorized to participate in the Nationwide Mortgage Licensing System and
22 Registry. For this purpose, the department may establish, by adopting and
23 promulgating rules and regulations or by order, requirements as
24 necessary. The requirements may include, but not be limited to:

25 (a) Background checks of applicants and licensees, including, but
26 not limited to:

27 (i) Fingerprints of every executive officer, director, partner,
28 member, sole proprietor, or shareholder submitted to the Federal Bureau
29 of Investigation and any other governmental agency or entity authorized
30 to receive such information for a state, national, and international
31 criminal history record information check ~~Criminal history through~~

1 ~~fingerprint or other databases;~~

2 (ii) Civil or administrative records;

3 (iii) Credit history; or

4 (iv) Any other information as deemed necessary by the Nationwide

5 Mortgage Licensing System and Registry;

6 (b) The payment of fees to apply for or renew a license through the

7 Nationwide Mortgage Licensing System and Registry;

8 (c) Compliance with prelicensure education and testing and

9 continuing education;

10 (d) The setting or resetting, as necessary, of renewal processing or

11 reporting dates; and

12 (e) Amending or surrendering a license or any other such activities

13 as the director deems necessary for participation in the Nationwide

14 Mortgage Licensing System and Registry.

15 (2) In order to fulfill the purposes of the Nebraska Installment

16 Loan Act, the department is authorized to establish relationships or

17 contracts with the Nationwide Mortgage Licensing System and Registry or

18 other entities designated by the Nationwide Mortgage Licensing System and

19 Registry to collect and maintain records and process transaction fees or

20 other fees related to licensees or other persons subject to the act. The

21 department may allow such system to collect licensing fees on behalf of

22 the department and allow such system to collect a processing fee for the

23 services of the system directly from each licensee or applicant for a

24 license.

25 (3) The director is required to regularly report violations of the

26 act pertaining to residential mortgage loans, as defined in section

27 45-702, as well as enforcement actions and other relevant information, to

28 the Nationwide Mortgage Licensing System and Registry subject to the

29 provisions contained in section 45-1033.02.

30 (4) The director shall establish a process whereby applicants and

31 licensees may challenge information entered into the Nationwide Mortgage

1 Licensing System and Registry by the director.

2 (5) The department shall ensure that the Nationwide Mortgage
3 Licensing System and Registry adopts a privacy, data security, and
4 security breach notification policy. The director shall make available
5 upon written request a copy of the contract between the department and
6 the Nationwide Mortgage Licensing System and Registry pertaining to the
7 breach of security of the system provisions.

8 (6) The department shall upon written request provide the most
9 recently available audited financial report of the Nationwide Mortgage
10 Licensing System and Registry.

11 (7) The director may use the Nationwide Mortgage Licensing System
12 and Registry as a channeling agent for requesting information from and
13 distributing information to the United States Department of Justice or
14 any other governmental agency in order to reduce the points of contact
15 which the Federal Bureau of Investigation may have to maintain for
16 purposes of subsection (1) of this section.

17 Sec. 13. Original sections 8-2729, 8-2730, 8-2735, 45-346,
18 45-346.01, 45-354, 45-737, 45-905.01, 45-912, 45-1005, 45-1018, and
19 45-1033.01, Reissue Revised Statutes of Nebraska, are repealed.