

HOUSE BILL 1368

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By: **Chair, Economic Matters Committee (By Request – Departmental – Labor, Licensing and Regulation)**

Introduced and read first time: February 13, 2013

Assigned to: Rules and Executive Nominations

A BILL ENTITLED

1 AN ACT concerning

2 **Commissioner of Financial Regulation – Regulation of Mortgage Lenders,**
3 **Mortgage Loan Originators, and Money Transmitters – Revisions**

4 FOR the purpose of altering certain provisions of law regulating mortgage lenders,
5 mortgage loan originators, and money transmitters to conform to the
6 requirements of the federal Secure and Fair Enforcement for Mortgage
7 Licensing Act of 2008; requiring a separate license for the principal executive
8 office and each branch location of an applicant for a mortgage lender license or a
9 mortgage lender licensee; requiring an applicant for a mortgage lender license
10 or a license renewal to apply through the Nationwide Mortgage Licensing
11 System and Registry (NMLS); requiring each applicant for a mortgage lender
12 license to obtain a certain unique identifier from NMLS; authorizing the
13 Commissioner of Financial Regulation to keep a certain license fee under
14 certain circumstances; altering the methods by which the Commissioner must
15 send a copy of a certain decision to an applicant for a mortgage lender's license;
16 providing that certain applications must be submitted, and certain notices
17 given, to the Commissioner in accordance with the process that the
18 Commissioner requires; providing that certain fees collected by NMLS are
19 nonrefundable; altering the conditions that must be met for a mortgage lender
20 licensee or a money transmitter licensee to undergo a change in control; altering
21 certain test requirements an applicant for a mortgage loan originator license
22 must meet to qualify for an initial license; altering the initial term of a
23 mortgage loan originator license; altering certain continuing education
24 requirements for renewal of a mortgage loan originator license; requiring an
25 applicant for a new or renewal money transmitter license to file evidence of a
26 surety device with NMLS under certain circumstances; altering certain
27 reporting requirements for money transmitter licensees; repealing certain
28 obsolete provisions of law; defining certain terms; altering certain definitions;
29 making certain clarifying, conforming, and stylistic changes; and generally

EXPLANATION: CAPITALS INDICATE MATTER ADDED TO EXISTING LAW.

[Brackets] indicate matter deleted from existing law.



1 relating to the regulation of mortgage lenders, mortgage loan originators, and
2 money transmitters by the Commissioner of Financial Regulation.

3 BY repealing and reenacting, with amendments,

4 Article – Financial Institutions

5 Section 11–501, 11–505(a), (b), (d)(1), (f), and (g), 11–506.1(d) through (g),
6 11–507(a), (c), and (d), 11–509(a) and (b), 11–510(a) and (b), 11–511,
7 11–512(a) and (b)(1), 11–513(b) and (c), 11–513.1(a), 11–514(a), 11–601(s),
8 (w)(3), and (y), 11–602(c), 11–603(c)(2)(iii), 11–603.1(e)(1) and (l)(1)(iii),
9 11–604(d) through (f), (h), and (i), 11–606(b) through (e), 11–606.1,
10 11–609(a) through (d), 11–612, 11–620(a), (c), and (e), 11–621, 11–622,
11 12–401(o) and (t), 12–405(b) and (c), 12–407(f) and (h)(2), 12–408(c), (d),
12 (f), and (g), 12–408.1(a)(1), (c)(2), and (e), 12–410(b), 12–411(a) and (c),
13 12–412(b), 12–415, 12–416, and 12–430.1

14 Annotated Code of Maryland

15 (2011 Replacement Volume and 2012 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article – Financial Institutions**

19 11–501.

20 (a) In this subtitle the following words have the meanings indicated.

21 (b) “Borrower” means a person who makes a loan application for or receives a
22 loan or other extension of credit that is or is intended to be secured in whole or in part
23 by any interest in a dwelling or residential real estate located in Maryland.

24 (c) **“BRANCH LOCATION” MEANS ANY LOCATION OTHER THAN THE**
25 **PRINCIPAL EXECUTIVE OFFICE AT WHICH A LICENSEE ENGAGES IN, OR ON**
26 **LICENSURE WILL ENGAGE IN, THE MORTGAGE LENDING BUSINESS IN THE**
27 **STATE OR WITH A PERSON IN THE STATE.**

28 (d) (1) **“CONTROL PERSON” MEANS A PERSON WHO HAS THE POWER,**
29 **DIRECTLY OR INDIRECTLY, TO DIRECT THE MANAGEMENT OR POLICIES OF A**
30 **LICENSEE OR LICENSE APPLICANT, WHETHER THROUGH OWNERSHIP OF**
31 **SECURITIES, BY CONTRACT, OR OTHERWISE.**

32 (2) **“CONTROL PERSON” INCLUDES A PERSON WHO:**

33 (i) **IS A GENERAL PARTNER, AN OFFICER, OR A DIRECTOR,**
34 **OR A PERSON WHO OCCUPIES A SIMILAR POSITION OR PERFORMS A SIMILAR**
35 **FUNCTION, OF A LICENSEE OR LICENSE APPLICANT;**

1 **(II) DIRECTLY OR INDIRECTLY HAS THE RIGHT TO VOTE**
2 **10% OR MORE OF A CLASS OF VOTING SECURITIES, OR HAS THE POWER TO SELL**
3 **OR DIRECT THE SALE OF 10% OR MORE OF A CLASS OF VOTING SECURITIES, OF**
4 **A LICENSEE OR LICENSE APPLICANT; OR**

5 **(III) IN THE CASE OF A LICENSEE OR LICENSE APPLICANT**
6 **THAT IS A PARTNERSHIP, A LIMITED PARTNERSHIP, A LIMITED LIABILITY**
7 **PARTNERSHIP, A LIMITED LIABILITY COMPANY, OR ANY OTHER BUSINESS**
8 **ENTITY:**

9 **1. HAS THE RIGHT TO RECEIVE ON LIQUIDATION OR**
10 **DISSOLUTION OF THE LICENSEE OR LICENSE APPLICANT 10% OR MORE OF THE**
11 **CAPITAL OF THE LICENSEE OR LICENSE APPLICANT; OR**

12 **2. HAS CONTRIBUTED 10% OR MORE OF THE**
13 **CAPITAL OF THE LICENSEE OR LICENSE APPLICANT.**

14 **[(c)] (E)** (1) “Dwelling” has the meaning stated in 15 U.S.C. § 1602(w).

15 (2) “Dwelling” does not include a residential structure or mobile home
16 unless the residential structure or mobile home, or at least one unit contained in the
17 residential structure or mobile home, is owner-occupied.

18 **[(d)] (F)** (1) “Independent evidence of commercial purpose” means,
19 where a mortgage loan is made for a commercial purpose to an individual, any and all
20 documentation by which the mortgage lender, prior to the making or procurement of
21 the loan, establishes that the borrower is seeking funds for a legitimate commercial
22 enterprise.

23 (2) “Independent evidence of commercial purpose” does not include an
24 affidavit of the borrower without supporting evidence, except where:

25 (i) The borrower is seeking funds to start a business and has
26 not yet incorporated or prepared documentation or proof of ownership of a commercial
27 enterprise; and

28 (ii) The affidavit states the purpose for which the proceeds of
29 the mortgage loan are to be used and the nature of the business conducted or to be
30 conducted by the borrower.

31 **[(e)] (G)** “Interest in real estate” includes:

32 (1) A confessed judgment note or consent judgment required or
33 obtained by any person acting as a mortgage lender for the purpose of acquiring a lien
34 on a dwelling or residential real estate;

1 (2) A sale and leaseback required or obtained by any person acting as
2 a mortgage lender for the purpose of creating a lien on a dwelling or residential real
3 estate;

4 (3) A mortgage, deed of trust or lien other than a judgment lien, on a
5 dwelling or residential real estate; and

6 (4) Any other security interest that has the effect of creating a lien on
7 a dwelling or residential real estate in Maryland.

8 **[(f)] (H)** “License” means a license issued by the Commissioner under this
9 subtitle to authorize a person to engage in business as a mortgage lender.

10 **[(g)] (I)** “Licensee” means a person who is licensed under the Maryland
11 Mortgage Lender Law.

12 **[(h)] (J)** (1) “Loan application” means any oral or written request for an
13 extension of credit that is made in accordance with procedures established by a
14 mortgage lender for the purpose of inducing the lender to seek to procure or make a
15 mortgage loan.

16 (2) “Loan application” does not include the use of an account or line of
17 credit to obtain a loan within a previously established credit limit.

18 **[(i)] (K)** “Mortgage broker” means a person who:

19 (1) For a fee or other valuable consideration, whether received directly
20 or indirectly, aids or assists a borrower in obtaining a mortgage loan; and

21 (2) Is not named as a lender in the agreement, note, deed of trust, or
22 other evidence of the indebtedness.

23 **[(j)] (L)** (1) “Mortgage lender” means any person who:

24 (i) Is a mortgage broker;

25 (ii) Makes a mortgage loan to any person; or

26 (iii) Is a mortgage servicer.

27 (2) “Mortgage lender” does not include:

28 (i) A financial institution that accepts deposits and is regulated
29 under Title 3, Title 4, Title 5, or Title 6 of this article;

30 (ii) The Federal Home Loan Mortgage Corporation;

1 (iii) The Federal National Mortgage Association;

2 (iv) The Government National Mortgage Association;

3 (v) Any person engaged exclusively in the acquisition of all or
4 any portion of a mortgage loan under any federal, State, or local governmental
5 program of mortgage loan purchases; or

6 (vi) An affiliated insurance producer–mortgage loan originator
7 licensed under § 11–603.1 of this title.

8 **[(k)] (M)** (1) “Mortgage lending business” means the activities set forth in
9 the definition of “mortgage lender” in subsection **[(j)] (L)** of this section which require
10 that person to be licensed under this subtitle.

11 (2) “Mortgage lending business” includes the making or procuring of
12 mortgage loans secured by a dwelling or residential real estate located outside
13 Maryland.

14 **[(l)] (N)** “Mortgage loan” means any loan primarily for personal, family, or
15 household use that is secured by a mortgage, deed of trust, or other equivalent
16 consensual security interest on a dwelling or residential real estate on which a
17 dwelling is constructed or intended to be constructed.

18 **[(m)] (O)** “Mortgage loan originator” has the meaning stated in § 11–601 of
19 this title.

20 **[(n)] (P)** “Mortgage servicer” means a person who:

21 (1) Engages in whole or in part in the business of servicing mortgage
22 loans for others; or

23 (2) Collects or otherwise receives payments on mortgage loans directly
24 from borrowers for distribution to any other person.

25 **[(o)] (Q)** **[(“Nationwide Mortgage Licensing System and Registry”)] “NMLS”**
26 means a mortgage licensing system developed and maintained by the Conference of
27 State Bank Supervisors and the American Association of Residential Mortgage
28 Regulators for the licensing and registration of licensed mortgage loan originators and
29 mortgage lenders.

30 **[(p)] (R)** “Person” means a natural person, corporation, limited liability
31 company, partnership, business trust, statutory trust, or association.

1 **[(q)] (S)** “Residential real estate” means any owner–occupied real property
2 located in Maryland on which a dwelling is constructed or intended to be constructed.

3 **[(r)] (T)** “State” means the State of Maryland.

4 **(U) “UNIQUE IDENTIFIER” MEANS A NUMBER OR ANY OTHER**
5 **IDENTIFIER ISSUED BY NMLS.**

6 11–505.

7 **(a) (1) A SEPARATE LICENSE IS REQUIRED FOR THE PRINCIPAL**
8 **EXECUTIVE OFFICE OF A LICENSE APPLICANT OR LICENSEE AND EACH BRANCH**
9 **LOCATION.**

10 **(2)** A license issued under this subtitle authorizes the licensee to act
11 as a mortgage lender under the license at the licensed [place of business] **LOCATION.**

12 **(b)** Only 1 [place of] business **LOCATION** may be maintained under any 1
13 license.

14 **(d) (1)** The Commissioner shall include on each license:

15 **(i)** The name of the licensee; and

16 **(ii)** The address **OF THE LOCATION** at which the business is to
17 be conducted.

18 **(f)** A license may be issued under this subtitle to a business entity whose
19 principal **EXECUTIVE** office is located outside this State provided that the business
20 entity maintains a resident agent within the State at all times during the term of the
21 license, regardless of whether:

22 **(1)** The business entity maintains any [office] **LOCATION** within the
23 State; or

24 **(2)** The activities of the business entity constitute doing business or
25 having a tax situs in this State under the applicable provisions of the Corporations
26 and Associations Article.

27 **(g)** A person exempt from licensing under this subtitle who employs a
28 mortgage loan originator licensed under Subtitle 6 of this title shall be registered with
29 [the Nationwide Mortgage Licensing System and Registry] **NMLS.**

30 11–506.1.

1 (d) In addition to the requirement under subsection (c) of this section, if the
2 Commissioner requires in connection with an [initial] application, and at any other
3 time the Commissioner requests, an applicant or licensee shall provide to [the
4 Nationwide Mortgage Licensing System and Registry] **NMLS** information concerning
5 the applicant's identity, including:

6 (1) Fingerprints for submission to the Federal Bureau of Investigation,
7 and any other governmental agency or entity authorized to receive this information,
8 for a state, national, or international criminal history background check; and

9 (2) Personal history and experience in a form prescribed by [the
10 Nationwide Mortgage Licensing System and Registry] **NMLS**, including the
11 submission of authorization for [the Nationwide Mortgage Licensing System and
12 Registry] **NMLS** and the Commissioner to obtain:

13 (i) An independent credit report from a consumer reporting
14 agency described in the federal Fair Credit Reporting Act, 15 U.S.C. § 1681a(p); and

15 (ii) Information related to any administrative, civil, or criminal
16 findings by any governmental jurisdiction.

17 (e) The Commissioner may request from the Central Repository, the Federal
18 Bureau of Investigation, or [the Nationwide Mortgage Licensing System and Registry]
19 **NMLS**, as applicable, for each applicant or licensee who is required to provide
20 fingerprints under subsection (c) or (d) of this section:

21 (1) (i) The state, national, or international criminal history records
22 of the applicant or licensee; and

23 (ii) A printed statement listing any conviction or other
24 disposition of, and any plea of guilty or nolo contendere to, any criminal charge;

25 (2) (i) An update of the initial criminal history records check or
26 criminal history background check of the applicant or licensee; and

27 (ii) A revised statement listing any conviction or other
28 disposition of, and any plea of guilty or nolo contendere to, any criminal charge
29 occurring after the date of the initial criminal history records check or criminal history
30 background check; and

31 (3) An acknowledged receipt of the application for a criminal history
32 records check or criminal history background check of the applicant or licensee.

33 (f) An applicant or licensee who is required to provide fingerprints under
34 subsection (c) or (d) of this section shall pay any processing or other fees required by

1 the Central Repository, the Federal Bureau of Investigation, and [the Nationwide
2 Mortgage Licensing System and Registry] **NMLS**.

3 (g) To implement this subtitle, the Commissioner may use [the Nationwide
4 Mortgage Licensing System and Registry] **NMLS** as a channeling agent to request
5 information from and distribute information to the Department of Justice, any other
6 governmental agency with subject matter jurisdiction, and any other state licensing
7 entity that has loan originators registered with [the Nationwide Mortgage Licensing
8 System and Registry] **NMLS**.

9 11-507.

10 (a) (1) To apply for a license, an applicant shall:

11 (i) Complete, sign, and submit to the Commissioner an
12 application made under oath in the form, and in accordance with the process, that the
13 Commissioner requires; and

14 (ii) Provide all information that the Commissioner requests.

15 (2) The applicant shall comply with all conditions and provisions of
16 the application for licensure and be issued a license before acting as a mortgage lender
17 at a particular location.

18 **(3) (I) AN APPLICANT FOR A LICENSE OR A LICENSE RENEWAL**
19 **SHALL APPLY FOR THE LICENSE OR RENEWAL THROUGH NMLS.**

20 **(II) EACH APPLICANT FOR A LICENSE SHALL OBTAIN AND**
21 **MAINTAIN A VALID UNIQUE IDENTIFIER.**

22 (c) (1) In addition to the license fee required under subsection (b)(2) of
23 this section, an applicant for an initial license shall pay to [the Nationwide Mortgage
24 Licensing System and Registry] **NMLS** any fees that [the Nationwide Mortgage
25 Licensing System and Registry] **NMLS** imposes in connection with the application.

26 **(2) THE FEES THAT NMLS COLLECTS IN CONNECTION WITH A**
27 **LICENSE APPLICATION ARE NONREFUNDABLE.**

28 (d) For each license for which an applicant applies, the applicant shall:

29 (1) Submit a separate application;

30 (2) Pay a separate nonrefundable license fee;

1 (3) Pay any application processing fee or other fees that [the
2 Nationwide Mortgage Licensing System and Registry] **NMLS** imposes in connection
3 with the application;

4 (4) If applicable, pay the surcharge; and

5 (5) File a separate surety bond or other financial guaranty under §
6 11-508 of this subtitle.

7 11-509.

8 (a) When an applicant for a license files the application and bond and pays
9 the **NONREFUNDABLE** fees required by § 11-507 of this subtitle, the Commissioner
10 shall investigate to determine if the applicant meets the requirements of § 11-506 of
11 this subtitle.

12 (b) The Commissioner shall approve or deny each application for a license
13 within 60 days after the date when the **COMPLETE** application and bond are filed and
14 the fees are paid.

15 11-510.

16 (a) If an applicant does not meet the requirements of this subtitle, the
17 Commissioner shall:

18 (1) Immediately notify the applicant in writing of this fact;

19 (2) Return the bond filed under § 11-508 of this subtitle; **AND**

20 (3) **[Refund the license fee; and**

21 (4)] **Keep the LICENSE FEE AND investigation fee COLLECTED**
22 **UNDER THIS SUBTITLE.**

23 (b) Within 30 days after the Commissioner denies an application, the
24 Commissioner shall:

25 (1) File in the Commissioner's office a written decision containing the
26 findings and conclusions on which the denial was based;

27 (2) Send a copy of the decision to the applicant **BY FIRST-CLASS**
28 **MAIL, ELECTRONIC MAIL, OR ANY MEANS PROVIDED THROUGH NMLS TO THE**
29 **APPLICANT AT THE ADDRESS LISTED IN THE APPLICATION;** and

30 (3) Advise the applicant by certified mail of the applicant's right to a
31 hearing to be held in accordance with the Administrative Procedure Act.

1 11-511.

2 (a) Subject to any regulations the Commissioner adopts in connection with
3 the transition to [the Nationwide Mortgage Licensing System and Registry] NMLS,
4 an initial license term shall:

5 (1) Begin on the day the license is issued; and

6 (2) Expire on December 31 of the year:

7 (i) The license is issued, if the license is issued before
8 November 1; or

9 (ii) Succeeding the year that the license is issued, if the license
10 is issued on or after November 1.

11 (b) At least 60 days before its expiration, a license may be renewed if the
12 licensee:

13 (1) Otherwise is entitled to be licensed;

14 (2) Pays to the Commissioner a nonrefundable renewal fee set by the
15 Commissioner;

16 (3) Files a bond or bond continuation certificate for the amount
17 required under § 11-508 of this subtitle; and

18 (4) Submits to the Commissioner:

19 (i) A renewal application [on] **IN** the form **AND IN**
20 **ACCORDANCE WITH THE PROCESS** that the Commissioner requires; and

21 (ii) Satisfactory evidence of compliance with any continuing
22 education requirements set by regulations adopted by the Commissioner.

23 (c) Subject to any regulations the Commissioner adopts in connection with
24 the transition to [the Nationwide Mortgage Licensing System and Registry] NMLS, a
25 renewal term shall:

26 (1) Be for a period of 1 year;

27 (2) Begin on January 1 of each year after the initial term; and

28 (3) Expire on December 31 of the year the renewal term begins.

1 (d) (1) In addition to the license renewal fee required under subsection
2 (b)(2) of this section, an applicant for a license renewal shall pay to [the Nationwide
3 Mortgage Licensing System and Registry] **NMLS** any fees that [the Nationwide
4 Mortgage Licensing System and Registry] **NMLS** imposes in connection with the
5 renewal application.

6 (2) **THE FEES THAT NMLS COLLECTS IN CONNECTION WITH A**
7 **LICENSE RENEWAL ARE NONREFUNDABLE.**

8 (e) If a license is surrendered voluntarily, or is suspended or revoked, the
9 Commissioner may not refund any part of the license fee regardless of the time
10 remaining in the license term.

11 11-512.

12 (a) (1) A licensee may not change the [place of business] **LOCATION** for
13 which a license is issued unless the licensee:

14 (i) Notifies the Commissioner, in [writing] **THE FORM AND IN**
15 **ACCORDANCE WITH THE PROCESS THAT THE COMMISSIONER REQUIRES**, of the
16 proposed change; and

17 (ii) Receives the [written] approval of the Commissioner **BY**
18 **FIRST-CLASS MAIL, ELECTRONIC MAIL, OR ANY MEANS PROVIDED THROUGH**
19 **NMLS.**

20 (2) Within 60 days after receiving a request for approval of a proposed
21 change [in the place of business] **OF THE LICENSED LOCATION** for a licensee, the
22 Commissioner shall approve or deny the request.

23 (3) If the Commissioner does not approve or deny a request for
24 approval of a proposed change [in the place of business] **OF THE LICENSED**
25 **LOCATION** for a licensee as provided under paragraph (2) of this subsection, the
26 request shall be deemed approved.

27 (b) (1) A licensee may not undergo a change in control unless the licensee:

28 (i) Notifies the Commissioner, in [writing] **THE FORM AND IN**
29 **ACCORDANCE WITH THE PROCESS THAT THE COMMISSIONER REQUIRES**, of the
30 proposed change;

31 (ii) [Makes a written request that the Commissioner approve
32 the proposed change;

1 (iii)] Provides any information the Commissioner may require
2 under paragraph (3) of this subsection; and

3 [(iv)] (III) Receives the written approval of the Commissioner.

4 11-513.

5 (b) Subject to approval by the Commissioner, nothing in this section is to be
6 construed to prohibit a licensee from maintaining duplicate records or electronic
7 equivalents at the licensee's [place of business] **LICENSED LOCATION**.

8 (c) Notwithstanding subsection (a) of this section, on approval of the
9 Commissioner, a licensee need not keep at the licensee's [place of business] **LICENSED**
10 **LOCATION** any books and records otherwise required by the Commissioner under
11 subsection (a) of this section if the licensee:

12 (1) Makes the books and records available to the Commissioner at the
13 licensee's [place of business] **LICENSED LOCATION** within 5 business days of the
14 Commissioner's official request; and

15 (2) Retains the records for at least 25 months in a storage facility
16 disclosed to the Commissioner.

17 11-513.1.

18 (a) A licensee shall submit to [the Nationwide Mortgage Licensing System
19 and Registry] **NMLS** a call report once each quarter on the date, in the form, and
20 containing the information required by [the Nationwide Mortgage Licensing System
21 and Registry] **NMLS**.

22 11-514.

23 (a) A licensee may surrender a license by sending to the Commissioner the
24 license and a [written] statement, **IN THE FORM AND IN ACCORDANCE WITH THE**
25 **PROCESS THAT THE COMMISSIONER REQUIRES**, that the license is surrendered.

26 11-601.

27 (s) ["Nationwide Mortgage Licensing System and Registry"] "**NMLS**" has
28 the meaning stated in § 11-501 of this title.

29 (w) "Registered mortgage loan originator" means any individual who:

30 (3) Is registered with, and maintains a unique identifier through, [the
31 Nationwide Mortgage Licensing System and Registry] **NMLS**.

1 (y) "Unique identifier" means a number or other identifier [assigned]
2 ISSUED by [the Nationwide Mortgage Licensing System and Registry] **NMLS**.

3 11-602.

4 (c) [Each licensee shall obtain and maintain a valid unique identifier issued
5 by the Nationwide Mortgage Licensing System and Registry:

6 (1) On obtaining an initial or renewal license on or after July 1, 2009;
7 or

8 (2) If the Commissioner has not joined the Nationwide Mortgage
9 Licensing System and Registry as of July 1, 2009, on or after the date that the
10 Commissioner joins, as instructed by the Commissioner by notice to the licensee] **AN**
11 **APPLICANT FOR A LICENSE SHALL OBTAIN AND MAINTAIN A VALID UNIQUE**
12 **IDENTIFIER.**

13 11-603.

14 (c) (2) An individual may not act as a mortgage loan originator under a
15 name or for an employer that is different from the name and employer that appear on
16 the license unless the licensee:

17 (iii) In the case of a new employer, amends the sponsorship
18 information on [the Nationwide Mortgage Licensing System and Registry] **NMLS** by
19 submitting the amendment, in the form required by the Commissioner, to indicate
20 that the licensee is an employee of the new employer.

21 11-603.1.

22 (e) (1) An application for a license under this section shall be in the form
23 [approved by] **AND SUBMITTED IN ACCORDANCE WITH THE PROCESS THAT** the
24 Commissioner **REQUIRES.**

25 (l) (1) An individual may not act as an affiliated insurance
26 producer-mortgage loan originator under a name or for an employer that is different
27 from the name and employer that appear on the license unless the licensee:

28 (iii) In the case of a new employer, amends the sponsorship
29 information on [the Nationwide Mortgage Licensing System and Registry] **NMLS** by
30 submitting the amendment in the form required by the Commissioner to indicate that
31 the licensee is an employee of the new employer.

32 11-604.

1 (d) In addition to the license fee required under subsection (c)(2) of this
2 section, an applicant for an initial license shall pay to [the Nationwide Mortgage
3 Licensing System and Registry] **NMLS** any fees that [the Nationwide Mortgage
4 Licensing System and Registry] **NMLS** imposes in connection with the application.

5 (e) In connection with an [initial] application for a license under this section
6 and at any other time the Commissioner requests, an applicant or licensee shall
7 provide to [the Nationwide Mortgage Licensing System and Registry] **NMLS**
8 information concerning the applicant's identity, including:

9 (1) Fingerprints for submission to the Federal Bureau of Investigation,
10 and any other governmental agency or entity authorized to receive this information for
11 a state, national, or international criminal history background check; and

12 (2) Personal history and experience in a form prescribed by [the
13 Nationwide Mortgage Licensing System and Registry] **NMLS**, including the
14 submission of authorization for [the Nationwide Mortgage Licensing System and
15 Registry] **NMLS** and the Commissioner to obtain:

16 (i) An independent credit report from a consumer reporting
17 agency described in the federal Fair Credit Reporting Act, 15 U.S.C. § 1681a(p); and

18 (ii) Information related to any administrative, civil, or criminal
19 findings by any governmental jurisdiction.

20 (f) To implement this subtitle, the Commissioner may use [the Nationwide
21 Mortgage Licensing System and Registry] **NMLS** as a channeling agent to request
22 information from and distribute information to the Department of Justice, any other
23 governmental agency with subject matter jurisdiction, and any other state licensing
24 entity that has loan originators registered with [the Nationwide Mortgage Licensing
25 System and Registry] **NMLS**.

26 (h) An applicant or licensee who is required to provide fingerprints under
27 subsection (e) or (g) of this section shall pay any processing or other fees required by
28 the Central Repository, the Federal Bureau of Investigation, and [the Nationwide
29 Mortgage Licensing System and Registry] **NMLS**.

30 (i) The Commissioner may request from the Central Repository, the Federal
31 Bureau of Investigation, or [the Nationwide Mortgage Licensing System and Registry]
32 **NMLS**, as applicable, for each applicant or licensee who is required to provide
33 fingerprints under subsection (e) or (g) of this section:

34 (1) (i) The state, national, or international criminal history records
35 of the applicant or licensee; and

1 (ii) A printed statement listing any conviction or other
2 disposition of, and any plea of guilty or nolo contendere to, any criminal charge;

3 (2) (i) An update of the initial criminal history records check or
4 criminal history background check of the applicant or licensee; and

5 (ii) A revised statement listing any conviction or other
6 disposition of, and any plea of guilty or nolo contendere to, any criminal charge
7 occurring after the date of the initial criminal history records check or criminal history
8 background check; and

9 (3) An acknowledged receipt of the application for a criminal history
10 records check or criminal history background check of the applicant or licensee.

11 11-606.

12 (b) (1) All prelicensing education courses shall be reviewed and approved
13 by [the Nationwide Mortgage Licensing System and Registry] **NMLS**.

14 (2) Review and approval of a prelicensing education course shall
15 include review and approval of the course provider by [the Nationwide Mortgage
16 Licensing System and Registry] **NMLS**.

17 (c) Prelicensing education may be offered in a classroom, online, or by any
18 other means approved by [the Nationwide Mortgage Licensing System and Registry]
19 **NMLS**.

20 (d) An applicant's successful completion in another state of the prelicensing
21 education requirements approved by [the Nationwide Mortgage Licensing System and
22 Registry] **NMLS**, except prelicensing education requirements specific to that other
23 state, shall be accepted by the Commissioner as credit toward completion of
24 prelicensing education requirements in this State.

25 (e) This section does not preclude any prelicensing education course, as
26 approved by [the Nationwide Mortgage Licensing System and Registry] **NMLS**, that
27 is provided by the employer of the applicant or an entity that is affiliated with the
28 applicant by an agency contract, or any subsidiary or affiliate of the employer or
29 entity.

30 11-606.1.

31 (a) **[To] EXCEPT AS PROVIDED IN § 11-612(B) OF THIS SUBTITLE, TO**
32 **qualify for an initial license, an applicant shall pass a qualified written test developed**
33 **by [the Nationwide Mortgage Licensing System and Registry] NMLS and**
34 **administered by a test provider approved by [the Nationwide Mortgage Licensing**
35 **System and Registry] NMLS.**

1 (b) A written test shall not be treated as a qualified written test for purposes
2 of subsection (a) of this section unless the test adequately measures the applicant's
3 knowledge and comprehension in appropriate subject areas, including:

4 (1) Ethics;

5 (2) Federal law and regulations relating to mortgage origination; **AND**

6 (3) [State law and regulations relating to mortgage origination; and

7 (4)] Federal [and State] law and regulations relating to fraud,
8 consumer protection, the nontraditional mortgage product marketplace, and fair
9 lending issues.

10 (c) To pass a qualified written test, an applicant must receive a test score of
11 at least 75 percent.

12 (d) An applicant may take a test three times, provided that each subsequent
13 test occurs at least 30 days after the preceding test.

14 (e) After failing three tests, an applicant shall wait at least 6 months before
15 taking the test again.

16 (f) (1) A licensee who fails to renew and maintain a valid license for a
17 period of 5 years or longer shall retake the test and achieve a passing grade as set
18 forth in subsection (c) of this section before obtaining a new license.

19 (2) Calculation of the time period during which an individual is
20 unlicensed under paragraph (1) of this subsection shall exclude any time during which
21 the individual is a registered mortgage loan originator.

22 (g) This section does not prohibit a test provider approved by [the
23 Nationwide Mortgage Licensing System and Registry] **NMLS** from providing a test at
24 the location of the employer of the applicant or any subsidiary or affiliate of the
25 employer of the applicant, or any entity with which the applicant holds an exclusive
26 arrangement to conduct the business of a mortgage loan originator.

27 11-609.

28 (a) Subject to any regulations the Commissioner adopts in connection with
29 the transition to [the Nationwide Mortgage Licensing System and Registry] **NMLS**,
30 an initial license term shall:

31 (1) [Be for a maximum period of 1 year;

1 (2) Begin on the [first] day the license is issued; and

2 [(3)] (2) Expire on December 31 of the year [the]:

3 (I) **THE** license is issued, **IF THE LICENSE IS ISSUED BEFORE**
4 **NOVEMBER 1; OR**

5 (II) **SUCCEEDING THE YEAR THAT THE LICENSE IS ISSUED,**
6 **IF THE LICENSE IS ISSUED ON OR AFTER NOVEMBER 1.**

7 (b) On or before November 1 of the year of expiration, a license may be
8 renewed if the licensee:

9 (1) Subject to subsections (e) and (f) of this section, meets the
10 minimum standards for the issuance of a license and otherwise is entitled to be
11 licensed;

12 (2) Pays to the Commissioner a **NONREFUNDABLE** renewal fee set by
13 the Commissioner; and

14 (3) Submits to the Commissioner:

15 (i) A renewal application [on] **IN** the form **AND IN**
16 **ACCORDANCE WITH THE PROCESS** that the Commissioner requires; and

17 (ii) Satisfactory evidence of compliance with any continuing
18 education requirements under this subtitle or set by regulations adopted by the
19 Commissioner.

20 (c) Subject to any regulations the Commissioner adopts in connection with
21 the transition to [the Nationwide Mortgage Licensing System and Registry] **NMLS**, a
22 renewal term shall:

23 (1) Be for a maximum period of 1 year;

24 (2) Begin on January 1 of each year after the initial term; and

25 (3) Expire on December 31 of the year the renewal term begins.

26 (d) In addition to the license renewal fee required under subsection (b)(2) of
27 this section, an applicant for a license renewal shall pay to [the Nationwide Mortgage
28 Licensing System and Registry] **NMLS** any fees that [the Nationwide Mortgage
29 Licensing System and Registry] **NMLS** imposes in connection with the renewal
30 application.

31 11-612.

1 (a) [Before] **EXCEPT AS PROVIDED IN SUBSECTIONS (B) AND (C) OF THIS**
2 **SECTION, BEFORE** applying for renewal of a license, a licensee shall complete at least
3 8 hours of continuing education, which shall include:

4 (1) 3 hours of instruction on federal law and regulations relating to
5 mortgage origination;

6 (2) 2 hours of instruction on ethics, including instruction on fraud,
7 consumer protection, and fair lending issues; and

8 (3) 2 hours of training related to lending standards for the
9 nontraditional mortgage product marketplace.

10 **(B) (1) A MORTGAGE LOAN ORIGINATOR WHO HAS COMPLETED THE**
11 **PRELICENSING EDUCATION REQUIREMENTS IN ACCORDANCE WITH § 11-606 OF**
12 **THIS SUBTITLE IN THE SAME YEAR IN WHICH THE LICENSE WAS APPROVED IS**
13 **NOT REQUIRED TO COMPLETE THE CONTINUING EDUCATION REQUIREMENTS**
14 **DESCRIBED IN SUBSECTION (A) OF THIS SECTION.**

15 **(2) A MORTGAGE LOAN ORIGINATOR WHO HAS COMPLETED THE**
16 **PRELICENSING EDUCATION REQUIREMENTS IN ACCORDANCE WITH § 11-606 OF**
17 **THIS SUBTITLE EARLIER THAN THE YEAR IN WHICH THE LICENSE WAS**
18 **APPROVED IS REQUIRED TO COMPLETE THE CONTINUING EDUCATION**
19 **REQUIREMENTS DESCRIBED IN SUBSECTION (A) OF THIS SECTION.**

20 **(C) (1) THIS SUBSECTION APPLIES TO A MORTGAGE LOAN**
21 **ORIGINATOR:**

22 **(I) WHOSE LICENSE TERMINATES BEFORE RENEWAL OR**
23 **EXPIRES WITHOUT RENEWAL; AND**

24 **(II) WHO HAS NOT COMPLETED THE CONTINUING**
25 **EDUCATION REQUIRED UNDER SUBSECTION (A) OF THIS SECTION.**

26 **(2) BEFORE APPLYING FOR A NEW LICENSE OR A REINSTATED**
27 **LICENSE, A MORTGAGE LOAN ORIGINATOR SUBJECT TO THIS SUBSECTION**
28 **SHALL COMPLETE CONTINUING EDUCATION COURSES THAT COVER THE TOPICS**
29 **DESCRIBED IN SUBSECTION (A) OF THIS SECTION.**

30 **(3) THE CONTINUING EDUCATION COURSES TAKEN BY A**
31 **MORTGAGE LOAN ORIGINATOR UNDER PARAGRAPH (2) OF THIS SUBSECTION**
32 **SHALL BE APPLIED RETROACTIVELY TO THE LAST YEAR IN WHICH THE**

1 **MORTGAGE LOAN ORIGINATOR WAS LICENSED AND ELIGIBLE FOR LICENSE**
2 **RENEWAL.**

3 **[(b)] (D)** (1) All continuing education courses **REQUIRED UNDER THIS**
4 **SECTION** shall be reviewed and approved by [the Nationwide Mortgage Licensing
5 System and Registry] **NMLS**.

6 (2) Review and approval of a continuing education course shall include
7 review and approval of the course provider by [the Nationwide Mortgage Licensing
8 System and Registry] **NMLS**.

9 **[(c)] (E)** Continuing education may be offered in a classroom, online, or by
10 any other means approved by [the Nationwide Mortgage Licensing System and
11 Registry] **NMLS**.

12 **[(d)] (F)** **[A] EXCEPT AS PROVIDED IN SUBSECTIONS (B) AND (C) OF**
13 **THIS SECTION, A licensee:**

14 (1) Shall receive credit for a continuing education course only in the
15 year in which the course is taken; and

16 (2) May not take the same continuing education course to meet the
17 annual requirement for continuing education.

18 **[(e)] (G)** A licensee who teaches an approved continuing education course
19 may receive credit for the licensee's own annual continuing education requirement at
20 the rate of 2 hours of credit for every 1 hour taught.

21 **[(f)] (H)** A licensee's successful completion in another state of the
22 continuing education requirements approved by [the Nationwide Mortgage Licensing
23 System and Registry] **NMLS**, except continuing education requirements specific to
24 that other state, shall be accepted by the Commissioner as credit towards completion
25 of continuing education requirements in this State.

26 **[(g)] (I)** This section does not preclude any continuing education course, as
27 approved by [the Nationwide Mortgage Licensing System and Registry] **NMLS**, that
28 is provided by the employer of the mortgage loan originator or an entity that is
29 affiliated with the mortgage loan originator by an agency contract, or any subsidiary
30 or affiliate of the employer or entity.

31 **[(h)] (J)** The Commissioner may adopt regulations to implement this
32 section.

33 11-620.

1 (a) (1) Except as otherwise provided in 12 U.S.C. § 5111, the
2 requirements under any federal law and §§ 10–611 through 10–628 of the State
3 Government Article regarding the privacy or confidentiality of information or material
4 provided to [the Nationwide Mortgage Licensing System and Registry] **NMLS**, and
5 any privilege arising under federal or state law, including the rules of any federal or
6 state court with respect to that information or material, shall continue to apply to that
7 information or material after the information or material has been disclosed to [the
8 Nationwide Mortgage Licensing System and Registry] **NMLS**.

9 (2) The information and material may be shared with all state and
10 federal regulatory officials having mortgage industry oversight authority without the
11 loss of privilege or the loss of confidentiality protections provided by federal law or §§
12 10–611 through 10–628 of the State Government Article.

13 (c) Information or material that is subject to a privilege or confidentiality
14 under subsection (a) of this section may not be subject to:

15 (1) Disclosure under any federal or state law governing the disclosure
16 to the public of information held by an officer or agency of the federal government or a
17 state that has received the information or material; or

18 (2) Subpoena, discovery, or admission into evidence, in any private
19 civil action or administrative process, unless with respect to any privilege held by [the
20 Nationwide Mortgage Licensing System and Registry] **NMLS** the person to whom the
21 information or material pertains waives, in whole or in part, that privilege.

22 (e) This section does not apply to information or material relating to the
23 employment history of, and publicly adjudicated disciplinary and enforcement actions
24 against, mortgage loan originators that is included in [the Nationwide Mortgage
25 Licensing System and Registry] **NMLS** and designated for access by the public.

26 11–621.

27 Nonfederally insured credit unions that employ mortgage loan originators shall
28 register these employees with [the Nationwide Mortgage Licensing System and
29 Registry] **NMLS** by providing the information concerning the employees' identity set
30 forth in 12 U.S.C. § 5106(a)(2).

31 11–622.

32 (a) Notwithstanding §§ 10–611 through 10–628 of the State Government
33 Article, and subject to § 11–620 of this subtitle, the Commissioner shall report
34 adjudicated enforcement actions and other relevant information to [the Nationwide
35 Mortgage Licensing System and Registry] **NMLS**.

1 (b) The Commissioner shall adopt regulations establishing a process by
2 which a licensee or an applicant for a license may challenge information entered by
3 the Commissioner into [the Nationwide Mortgage Licensing System and Registry]
4 **NMLS**.

5 12-401.

6 (c) [“Nationwide licensing system”] **“NMLS”** means a multistate uniform
7 licensing system developed and maintained by the Conference of State Bank
8 Supervisors, or by a subsidiary or an affiliate of the Conference of State Bank
9 Supervisors, for the licensing of money services businesses, including money
10 transmitters.

11 (t) “Unique identifier” means a number or [another] **OTHER** identifier
12 [assigned] **ISSUED** by [the nationwide licensing system] **NMLS**.

13 12-405.

14 (b) Each licensee or license applicant shall obtain and maintain a valid
15 unique identifier [issued by the nationwide licensing system]:

16 (1) On forming an account with [the nationwide licensing system]
17 **NMLS** on or after November 1, 2012; or

18 (2) If the Commissioner has not joined [the nationwide licensing
19 system] **NMLS** as of November 1, 2012, on or after the date that the Commissioner
20 joins, as specified by the Commissioner by public notice.

21 (c) An applicant for an initial license or a license renewal shall apply for the
22 license or renewal through [the nationwide licensing system] **NMLS**:

23 (1) On or after November 1, 2012; or

24 (2) If the Commissioner has not joined [the nationwide licensing
25 system] **NMLS** as of November 1, 2012, on or after the date that the Commissioner
26 joins, as specified by the Commissioner by public notice.

27 12-407.

28 (f) In addition to the license fee required under subsection (e) of this section,
29 an applicant for an initial license shall pay to [the nationwide licensing system]
30 **NMLS** the fee that [the nationwide licensing system] **NMLS** imposes in connection
31 with processing the application.

32 (h) (2) For each branch location license for which an applicant applies, the
33 applicant shall:

- 1 (i) Submit a separate application;
- 2 (ii) Pay a separate nonrefundable license fee; and
- 3 (iii) Pay the application processing fee that [the nationwide
4 licensing system] **NMLS** imposes in connection with processing the application for the
5 branch location.

6 12–408.

7 (c) In connection with an initial application for a license under § 12–407 of
8 this subtitle, and at any other time that the Commissioner requests, an applicant or
9 licensee shall provide to [the nationwide licensing system] **NMLS** information
10 concerning the applicant’s identity, including:

11 (1) Fingerprints for submission to the Federal Bureau of Investigation,
12 and any other governmental agency or entity, including the Central Repository,
13 authorized to receive this information for a state, a national, or an international
14 criminal history background check;

15 (2) In the case of a sole proprietorship, personal history and
16 experience in a form prescribed by [the nationwide licensing system] **NMLS**,
17 including the submission of authorization for [the nationwide licensing system]
18 **NMLS** and the Commissioner to obtain:

19 (i) An independent credit report from a consumer reporting
20 agency described in the federal Fair Credit Reporting Act, 15 U.S.C. § 1681a(p); and

21 (ii) Information related to any administrative, civil, or criminal
22 findings by any governmental jurisdiction; and

23 (3) In the case of a corporation or another business entity:

24 (i) Business history in a form prescribed by [the nationwide
25 licensing system] **NMLS**, including:

26 1. The submission of a business credit report for the
27 applicant that is no older than 3 months before the date of the application; and

28 2. Information related to any administrative, civil, or
29 criminal findings by any governmental jurisdiction; and

30 (ii) For each control person, personal history in a form
31 prescribed by [the nationwide licensing system] **NMLS**.

1 (d) Subject to § 12–408.1 of this subtitle, to implement this subtitle, the
2 Commissioner may use [the nationwide licensing system] **NMLS** as a channeling
3 agent to request information from and distribute information to the Department of
4 Justice, any other governmental agency with subject matter jurisdiction, and any
5 other state licensing entity that has money transmitters licensed or registered with
6 [the nationwide licensing system] **NMLS**.

7 (f) An applicant or a licensee who is required to provide fingerprints under
8 subsection (c) or (e) of this section shall pay the processing or other fees required by
9 the Central Repository, the Federal Bureau of Investigation, and [the nationwide
10 licensing system] **NMLS**.

11 (g) The Commissioner may request from the Central Repository, the Federal
12 Bureau of Investigation, or [the nationwide licensing system] **NMLS**, as applicable,
13 for each person who is required to provide fingerprints under subsection (c) or (e) of
14 this section:

15 (1) (i) The state, national, or international criminal history records
16 of the person; and

17 (ii) A printed statement listing any conviction or other
18 disposition of, and any plea of guilty or nolo contendere to, any criminal charge;

19 (2) (i) An update of the initial criminal history records check or
20 criminal history background check of the person; and

21 (ii) A revised statement listing any conviction or other
22 disposition of, and any plea of guilty or nolo contendere to, any criminal charge
23 occurring after the date of the initial criminal history records check or criminal history
24 background check; and

25 (3) An acknowledged receipt of the application for a criminal history
26 records check or criminal history background check of the person.

27 12–408.1.

28 (a) (1) The requirements under any federal law and §§ 10–611 through
29 10–628 of the State Government Article regarding the privacy or confidentiality of
30 information or material provided to [the nationwide licensing system] **NMLS**, and
31 any privilege arising under federal or state law, including the rules of any federal or
32 state court with respect to that information or material, shall continue to apply to that
33 information or material after the information or material has been disclosed to [the
34 nationwide licensing system] **NMLS**.

35 (c) Information or material that is subject to a privilege or confidentiality
36 under subsection (a) of this section may not be subject to:

1 (2) Subpoena, discovery, or admission into evidence, in any private
2 civil action or administrative process, unless with respect to any privilege held by [the
3 nationwide licensing system] **NMLS**, the person to whom the information or material
4 pertains waives, in whole or in part, that privilege.

5 (e) This section does not apply to information or material relating to publicly
6 adjudicated disciplinary and enforcement actions against a money transmitter or its
7 authorized delegate that is included in [the nationwide licensing system] **NMLS** and
8 designated for access by the public.

9 12-410.

10 (b) (1) A license authorizes the licensee to do business under the license,
11 at the licensed [place of business] **LOCATION**.

12 (2) A license does not authorize the licensee to accept deposits or
13 engage otherwise in a banking business except as authorized in this subtitle.

14 (3) Only one [place of] business **LOCATION** may be maintained under
15 any one license.

16 12-411.

17 (a) Subject to any regulations the Commissioner adopts in connection with
18 the transition to [the nationwide licensing system] **NMLS**, an initial license term
19 shall:

20 (1) Begin on the day the license is issued; and

21 (2) Expire on December 31 of the year:

22 (i) The license is issued, if the license is issued before
23 November 1; or

24 (ii) Succeeding the year that the license is issued, if the license
25 is issued on or after November 1.

26 (c) In addition to the license renewal fee required under subsection (b)(3) of
27 this section, an applicant for a license renewal shall pay to [the nationwide licensing
28 system] **NMLS** the fee that [the nationwide licensing system] **NMLS** imposes in
29 connection with the renewal application.

30 12-412.

1 (b) With the application for a new or renewal license, the applicant shall file
2 evidence of a surety device **AS PROVIDED IN THIS SECTION:**

3 (1) [with] **WITH** the Commissioner [as provided in this section]; **OR**

4 (2) **AS DETERMINED BY THE COMMISSIONER, WITH NMLS.**

5 12-415.

6 (a) (1) A licensee may not change the [place of business] **LOCATION** for
7 which a license is issued unless the licensee:

8 (i) Notifies the Commissioner, in [writing] **THE FORM AND IN**
9 **ACCORDANCE WITH THE PROCESS THAT THE COMMISSIONER REQUIRES**, of the
10 proposed change; and

11 (ii) Receives the approval of the Commissioner.

12 (2) Within 60 days after receiving a request for approval of a proposed
13 change in the place of business for a licensee, the Commissioner shall approve or deny
14 the request.

15 (3) If the Commissioner does not deny a request for approval of a
16 proposed change in the place of business for a licensee as provided under paragraph
17 (2) of this subsection, the request shall be deemed approved.

18 (b) (1) A licensee may not undergo a change in control unless the licensee:

19 (i) Notifies the Commissioner, in [writing] **THE FORM AND IN**
20 **ACCORDANCE WITH THE PROCESS THAT THE COMMISSIONER REQUIRES**, of the
21 proposed change;

22 (ii) [Makes a written request that the Commissioner approve
23 the proposed change;

24 (iii)] Provides any information the Commissioner may require
25 under paragraph (3) of this subsection; and

26 [(iv)] **(III)** Receives the approval of the Commissioner.

27 (2) Within 60 days after receiving a request for approval of a proposed
28 change in control, the Commissioner may require the licensee to provide any
29 information deemed necessary to determine whether a new application is required
30 because of the proposed change in control.

1 (3) The Commissioner shall approve or deny a request for approval of
2 a proposed change in control:

3 (i) Within 60 days after the date the Commissioner receives the
4 request; or

5 (ii) If the Commissioner requests information from the licensee
6 under paragraph (2) of this subsection, within 60 days after the date the information is
7 received by the Commissioner.

8 (4) If the Commissioner does not deny a request for approval of a
9 proposed change in control as provided under paragraph (3) of this subsection, the
10 request shall be deemed approved.

11 (c) In addition to any sanctions that may be imposed by the Commissioner
12 under this subtitle, a licensee who fails to provide in a timely manner the notice
13 required under subsection (a)(1) or (b)(1) of this section shall:

14 (1) For each failure, pay to the Commissioner a penalty in the amount
15 of \$500; and

16 (2) Apply for a new license, together with all appropriate application
17 and investigation fees.

18 12-416.

19 (a) [Within 45 days of the end of each calendar semiannual period ending
20 June 30 and December 31, the] **THE** licensee shall file with the Commissioner a report
21 that includes the following information [on a] **IN THE** form **AND IN ACCORDANCE**
22 **WITH THE PROCESS** that the Commissioner requires:

23 (1) An unaudited, unconsolidated financial statement, including a
24 balance sheet, income statement, statement of changes in equity, and statement of
25 cash flows;

26 (2) A schedule of the permissible investments that the licensee holds
27 as required under § 12-418 of this subtitle;

28 (3) A statement of outstanding payment instruments;

29 (4) A report of all authorized delegates that includes:

30 (i) An alphabetical list of all currently authorized delegates
31 appointed by the licensee that includes the name, business address, business phone
32 number, and business electronic mail address, if known to the licensee, of each
33 authorized delegate;

1 (ii) An alphabetical list of all authorized delegates appointed by
2 the licensee during the previous 6 months that includes the name, business address,
3 business phone number, business electronic mail address, if known to the licensee, and
4 date of appointment of each authorized delegate; and

5 (iii) An alphabetical list of all authorized delegates terminated
6 by the licensee during the previous 6 months that includes the name, business
7 address, business phone number, business electronic mail address, if known to the
8 licensee, and date of termination of each authorized delegate; and

9 (5) A statement under oath by an executive officer of the licensee
10 certifying the information to be true based on the executive officer's knowledge of the
11 matters in the report.

12 (b) [On or before 120 days after the close of the fiscal year of the licensee,
13 each] **EACH** licensee shall file with the Commissioner an annual report that:

14 (1) Includes financial statements of the licensee audited by a certified
15 public accountant and prepared in accordance with generally accepted accounting
16 principles for the previous calendar year;

17 (2) States the number and aggregate dollar amount of payment
18 instruments issued or sold and the aggregate number and dollar amount of money
19 transmissions during the previous calendar year;

20 (3) Contains any other information the Commissioner reasonably
21 requires;

22 (4) Is [on a] **IN THE** form **AND IN ACCORDANCE WITH THE PROCESS**
23 that the Commissioner requires; and

24 (5) Is signed by an executive officer of the licensee who certifies under
25 oath that the information in the report is true based on the executive officer's
26 knowledge of the matters in the report.

27 (c) (1) Within 15 days after the occurrence of any of the following events,
28 a licensee shall file a [written] report with the Commissioner, **IN THE FORM AND IN**
29 **ACCORDANCE WITH THE PROCESS THAT THE COMMISSIONER REQUIRES,**
30 describing the event and its expected impact on the licensee's activities in the State:

31 (i) The filing for bankruptcy or reorganization by the licensee;

32 (ii) The institution of revocation or suspension proceedings
33 against the licensee by any state or governmental authority with regard to the
34 licensee's money transmission activities in any state;

1 (iii) Any felony indictment or conviction of the licensee or any of
2 its officers or directors related to money transmission activities;

3 (iv) The commencement of any civil action by a buyer or holder
4 of a payment instrument or person for whom or to whom money is transmitted against
5 a licensee; and

6 (v) The filing of any material litigation against the licensee.

7 (2) The written report required under paragraph (1) of this subsection
8 shall be [sent to the Commissioner by certified mail, return receipt requested, bearing
9 a postmark from the United States Postal Service,] **MADE IN THE MANNER THAT**
10 **THE COMMISSIONER REQUIRES** within 10 days after the action is begun and include
11 details sufficient to identify the event.

12 (d) A licensee [promptly] shall file with the Commissioner, **IN THE FORM**
13 **AND IN ACCORDANCE WITH THE PROCESS THAT THE COMMISSIONER REQUIRES,**
14 any demand borrowing agreement or agreements into which the licensee may enter as
15 a permissible investment or a deposit in lieu of a surety bond.

16 **(E) A LICENSEE SHALL SUBMIT THE REPORTS REQUIRED UNDER**
17 **SUBSECTIONS (A), (B), AND (D) OF THIS SECTION AT THE INTERVALS AND FOR**
18 **THE REPORTING PERIODS THAT THE COMMISSIONER REQUIRES.**

19 12-430.1.

20 (a) (1) Notwithstanding §§ 10-611 through 10-628 of the State
21 Government Article, and subject to § 12-408.1 of this subtitle, the Commissioner shall
22 report adjudicated enforcement actions against a money transmitter or its authorized
23 delegate and other relevant information to [the nationwide licensing system] **NMLS.**

24 (2) The Commissioner shall adopt regulations establishing a process
25 by which a licensee or an applicant for a license may challenge information entered by
26 the Commissioner into [the nationwide licensing system] **NMLS.**

27 (b) The Commissioner may submit to [the nationwide licensing system]
28 **NMLS** information regarding enforcement actions against persons engaged in the
29 money transmission business who are not licensees or authorized delegates.

30 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
31 July 1, 2013.