

TWENTY-SECOND NORTHERN MARIANAS COMMONWEALTH  
LEGISLATURE

IN THE HOUSE OF REPRESENTATIVES

\_\_\_\_\_ Session, 2021

H. B. 22- 24

A BILL FOR AN ACT

To adopt the state model language for implementation of Public Law 110-289, TITLE V—S.A.F.E. MORTGAGE LICENSING ACT.

BE IT ENACTED BY THE 22<sup>ND</sup> NORTHERN MARIANAS  
COMMONWEALTH LEGISLATURE:

- 1           **Section 1. Short Title.** This Act may be cited as the “CNMI Secure and  
2 Fair Enforcement for Mortgage Licensing Act of 2021” or “CNMI S.A.F.E.  
3 Mortgage Licensing Act of 2021”.
- 4           **Section 2. Findings and Purpose.** The Legislature finds that the activities  
5 of mortgage loan originators and the origination or offering of financing for  
6 residential real property have a direct, valuable and immediate impact upon  
7 CNMI’s consumers, CNMI’s economy, the neighborhoods and communities of  
8 CNMI, and the housing and real estate industry. The Legislature finds that  
9 accessibility to mortgage credit is vital to the state’s citizens. The Legislature also  
10 finds that it is essential for the protection of the citizens of CNMI and the stability  
11 of CNMI’s economy that reasonable standards for licensing and regulation of the  
12 business practices of mortgage loan originators be imposed.

1 The Legislature further finds that the obligations of mortgage loan originators to  
2 consumers in connection with originating or making residential mortgage loans are  
3 such as to warrant the regulation of the mortgage lending process. The purpose of  
4 this Act is to protect consumers seeking mortgage loans and to ensure that the  
5 mortgage lending industry is operating without unfair, deceptive, and fraudulent  
6 practices on the part of mortgage loan originators. Therefore the Legislature  
7 establishes within this Act:

8 (1) SYSTEM OF SUPERVISION AND ENFORCEMENT—An effective system  
9 of supervision and enforcement of the mortgage lending industry, including:

10 (a) The authority to issue licenses to conduct business under this Act, including the  
11 authority to write rules or regulations or adopt procedures necessary to the licensing  
12 of persons covered under this Act.

13 (b) The authority to deny, suspend, condition or revoke licenses issued under this  
14 Act.

15 (c) The authority to examine, investigate and conduct enforcement actions as  
16 necessary to carry out the intended purposes of this Act, including the authority to  
17 subpoena witnesses and documents, enter orders, including cease and desist orders,  
18 order restitution and monetary penalties and order the removal and ban of  
19 individuals from office or employment.

20 (2) BROAD ADMINISTRATIVE AUTHORITY—That the Commissioner shall  
21 have the broad administrative authority to administer, interpret and enforce this Act,

1 and promulgate rules or regulations implementing this Act, in order to carry out the  
2 intentions of the Legislature.

3 **Section 3. Enactment.** Subject to codification by the CNMI Law Revision  
4 Commission, the following is hereby enacted into law:

5 **“CNMI Secure and Fair Enforcement for Mortgage Licensing**  
6 **Act of 2021 or CNMI S.A.F.E. Mortgage Licensing Act of 2021.”**

7 SECTION.030 DEFINITIONS—For purposes of this Act, the  
8 following definitions shall apply:

9 (1) DEPOSITORY INSTITUTION—The term “depository  
10 institution” has the same meaning as in section 3 of the Federal Deposit  
11 Insurance Act, and includes any credit union.

12 (2) FEDERAL BANKING AGENCIES—The term “Federal  
13 banking agencies” means the Board of Governors of the Federal Reserve  
14 System, the Comptroller of the Currency, the Director of the Office of Thrift  
15 Supervision, the National Credit Union Administration, and the Federal  
16 Deposit Insurance Corporation.

17 (3) IMMEDIATE FAMILY MEMBER—The term “immediate  
18 family member” means a spouse, child, sibling, parent, grandparent, or  
19 grandchild. This includes stepparents, stepchildren, stepsiblings, and  
20 adoptive relationships.

21 (4) INDIVIDUAL—The term “individual” means a natural person.



1 (5) LOAN PROCESSOR OR UNDERWRITER—

2 (a) IN GENERAL—The term “loan processor or underwriter”  
3 means an individual who performs clerical or support duties as an employee  
4 at the direction of and subject to the supervision and instruction of a person  
5 licensed, or exempt from licensing under CNMI mortgage licensing laws.

6 (b) CLERICAL OR SUPPORT DUTIES—For purposes of  
7 subsection (a), the term “clerical or support duties” may include  
8 subsequent to the receipt of an application—

9 (i) The receipt, collection, distribution, and analysis of information  
10 common for the processing or underwriting of a residential mortgage loan;  
11 and

12 (ii) Communicating with a consumer to obtain the information  
13 necessary for the processing or underwriting of a loan, to the extent that  
14 such communication does not include offering or negotiating loan rates or  
15 terms, or counseling consumers about residential mortgage loan rates or  
16 terms.

17 (c) REPRESENTATIONS TO THE PUBLIC—An individual  
18 engaging solely in loan processor or underwriter activities, shall not  
19 represent to the public, through advertising or other means of  
20 communicating or providing information including the use of business  
21 cards, stationery, brochures, signs, rate lists, or other promotional items, that



1 such individual can or will perform any of the activities of a mortgage loan  
2 originator.

3 (6) MORTGAGE LOAN ORIGINATOR—

4 (a) IN GENERAL—The term “mortgage loan originator”—

5 (i) Means an individual who for compensation or gain or in the  
6 expectation of compensation or gain—

7 (A) Takes a residential mortgage loan application; or

8 (B) Offers or negotiates terms of a residential mortgage loan;

9 (ii) Does not include an individual engaged solely as a loan  
10 processor or underwriter except as otherwise provided in SECTION.040(4);

11 (iii) Does not include a person or entity that only performs real estate  
12 brokerage activities and is licensed or registered in accordance with [State]  
13 law, unless the person or entity is compensated by a lender, a mortgage  
14 broker, or other mortgage loan originator or by any agent of such lender,  
15 mortgage broker, or other mortgage loan originator; and

16 (iv) Does not include a person or entity solely involved in extensions  
17 of credit relating to timeshare plans, as that term is defined in section  
18 101(53D) of title 11, United States Code.

19 (b) REAL ESTATE BROKERAGE ACTIVITY DEFINED—For  
20 purposes of this Act the term “real estate brokerage activity” means any

1 activity that involves offering or providing real estate brokerage services to  
2 the public, including—

3 (i) Acting as a real estate agent or real estate broker for a buyer,  
4 seller, lessor, or lessee of real property;

5 (ii) Bringing together parties interested in the sale, purchase, lease,  
6 rental, or exchange of real property;

7 (iii) Negotiating, on behalf of any party, any portion of a contract  
8 relating to the sale, purchase, lease, rental, or exchange of real property  
9 (other than in connection with providing financing with respect to any such  
10 transaction);

11 (iv) Engaging in any activity for which a person engaged in the  
12 activity is required to be registered or licensed as a real estate agent or real  
13 estate broker under any applicable law; and

14 (v) Offering to engage in any activity, or act in any capacity,  
15 described in subsections (i), (ii), (iii), or (iv) of this section.

16 (7) NATIONWIDE MORTGAGE LICENSING SYSTEM AND  
17 REGISTRY—The term “Nationwide Mortgage Licensing System and  
18 Registry” means a mortgage licensing system developed and maintained  
19 by the Conference of State Bank Supervisors and the American Association  
20 of Residential Mortgage Regulators for the licensing and registration of  
21 licensed mortgage loan originators.

1           (8) NONTRADITIONAL MORTGAGE PRODUCT—The term  
2           “nontraditional mortgage product” means any mortgage product other than  
3           a 30-year fixed rate mortgage.

4           (9) PERSON—The term “person” means a natural person,  
5           corporation, company, limited liability company, partnership, or  
6           association.

7           (10) REGISTERED MORTGAGE LOAN ORIGINATOR—The  
8           term “registered mortgage loan originator” means any individual who—

9           (a) Meets the definition of mortgage loan originator and is an  
10          employee of—

11          (i) A depository institution;

12          (ii) A subsidiary that is—

13               (A) Owned and controlled by a depository institution; and

14               (B) Regulated by a Federal banking agency; or

15          (iii) An institution regulated by the Farm Credit Administration; and

16          (b) Is registered with, and maintains a unique identifier through, the  
17          Nationwide Mortgage Licensing System and Registry.

18          (11) RESIDENTIAL MORTGAGE LOAN—The term “residential  
19          mortgage loan” means any loan primarily for personal, family, or  
20          household use that is secured by a mortgage, deed of trust, or other  
21          equivalent consensual security interest on a dwelling (as defined in section



1 103(v) of the Truth in Lending Act) or residential real estate upon which is  
2 constructed or intended to be constructed a dwelling (as so defined).

3 (12) RESIDENTIAL REAL ESTATE—The term “residential real  
4 estate” means any real property located in the CNMI, upon which is  
5 constructed or intended to be constructed a dwelling.

6 (13) UNIQUE IDENTIFIER—The term “unique identifier” means  
7 a number or other identifier assigned by protocols established by the  
8 Nationwide Mortgage Licensing System and Registry.

9 SECTION.040 LICENSE AND REGISTRATION REQUIRED—

10 (1) IN GENERAL—An individual, unless specifically exempted  
11 from this Act under subsection (3) of this section, shall not engage in the  
12 business of a mortgage loan originator with respect to any dwelling located  
13 in this State without first obtaining and maintaining annually a license under  
14 this Act. Each licensed mortgage loan originator must register with and  
15 maintain a valid unique identifier issued by the Nationwide Mortgage  
16 Licensing System and Registry.

17 (2) EFFECTIVE DATE. In order to facilitate an orderly transition  
18 to licensing and minimize disruption in the mortgage marketplace, the  
19 effective date for subsection (1) of this section shall be January 1, 2021, or  
20 such later date approved by the Secretary of the U.S. Department of

1           Housing and Urban Development, pursuant to the authority granted under  
2           Public Law 110-289, Section 1508(a).

3                   For all individuals licensed as mortgage loan originators as of the  
4           enactment of this Act the effective date shall be January 1, 2021, or such  
5           later date approved by the Secretary of the U.S. Department of Housing and  
6           Urban Development, pursuant to the authority granted under Public Law  
7           110-289, Section 1508(a).

8                   (3) EXEMPTION FROM THIS ACT—The following are exempt  
9           from this Act:

10                   (a) Registered Mortgage Loan Originators, when acting for an entity  
11           described in SECTION.030(10)(a)(i),(ii) or (iii) are exempt from this Act.

12                   (b) Any individual who offers or negotiates terms of a residential  
13           mortgage loan with or on behalf of an immediate family member of the  
14           individual.

15                   (c) Any individual who offers or negotiates terms of a residential  
16           mortgage loan secured by a dwelling that served as the individual's  
17           residence.

18                   (d) A licensed attorney who negotiates the terms of a residential  
19           mortgage loan on behalf of a client as an ancillary matter to the attorney's  
20           representation of the client, unless the attorney is compensated by a lender,

1 a mortgage broker, or other mortgage loan originator or by any agent of  
2 such lender, mortgage broker, or other mortgage loan originator.

3 (4) INDEPENDENT CONTRACTOR LOAN PROCESSORS OR  
4 UNDERWRITERS—A loan processor or underwriter who is an  
5 independent contractor may not engage in the activities of a loan processor  
6 or underwriter unless such independent contractor loan processor or  
7 underwriter obtains and maintains a license under SECTION.040(1). Each  
8 independent contractor loan processor or underwriter licensed as a  
9 mortgage loan originator must have and maintain a valid unique identifier  
10 issued by the Nationwide Mortgage Licensing System and Registry.

11 (5) COMMISSIONER AUTHORITY TO ESTABLISH  
12 LICENSING RULES, REGULATIONS OR INTERIM PROCEDURES  
13 AND ACCEPT EARLY APPLICATIONS—For the purposes of  
14 implementing an orderly and efficient licensing process the Commissioner  
15 may establish licensing rules or regulations and interim procedures for  
16 licensing and acceptance of applications. For previously registered or  
17 licensed individuals the Commissioner may establish expedited review and  
18 licensing procedures.

19 SECTION.050 STATE LICENSE AND REGISTRATION  
20 APPLICATION AND ISSUANCE—



1           (1) APPLICATION FORM—Applicants for a license shall apply in  
2           a form as prescribed by the Commissioner. Each such form shall contain  
3           content as set forth by rule, regulation, instruction or procedure of the  
4           Commissioner and may be changed or updated as necessary by the  
5           Commissioner in order to carry out the purposes of this Act.

6           (2) COMMISSIONER MAY ESTABLISH RELATIONSHIPS OR  
7           CONTRACTS—In order to fulfill the purposes of this Act, the  
8           Commissioner is authorized to establish relationships or contracts with the  
9           Nationwide Mortgage Licensing System and Registry or other entities  
10          designated by the Nationwide Mortgage Licensing System and Registry to  
11          collect and maintain records and process transaction fees or other fees  
12          related to licensees or other persons subject to this Act.

13          (3) WAIVE OR MODIFY REQUIREMENTS. For the purpose of  
14          participating in the Nationwide Mortgage Licensing System & Registry, the  
15          Commissioner is authorized to waive or modify, in whole or in part, by rule,  
16          regulation or order, any or all of the requirements of this chapter and to  
17          establish new requirements as reasonably necessary to participate in the  
18          Nationwide Mortgage Licensing System & Registry.

19          (4) BACKGROUND CHECKS—In connection with an application  
20          for licensing as a mortgage loan originator, the applicant shall, at a

1 minimum, furnish to the Nationwide Mortgage Licensing System and  
2 Registry information concerning the applicant's identity, including—

3 (a) Fingerprints for submission to the Federal Bureau of  
4 Investigation, and any governmental agency or entity authorized to receive  
5 such information for a state, national and international criminal history  
6 background check; and

7 (b) Personal history and experience in a form prescribed by the  
8 Nationwide Mortgage Licensing System and Registry, including the  
9 submission of authorization for the Nationwide Mortgage Licensing System  
10 and Registry and the Commissioner to obtain—

11 (i) An independent credit report obtained from a consumer reporting  
12 agency described in section 603(p) of the Fair Credit Reporting Act; and

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

15 (5) AGENT FOR PURPOSES OF REQUESTING AND  
16 DISTRIBUTING CRIMINAL INFORMATION— For the purposes of this  
17 section and in order to reduce the points of contact which the Federal Bureau  
18 of Investigation may have to maintain for purposes of subsection (4)(a) and  
19 (b)(ii) of this section the Commissioner may use the Nationwide Mortgage  
20 Licensing System and Registry as a channeling agent for requesting

1 information from and distributing information to the Department of Justice  
2 or any governmental agency.

3 (6) AGENT FOR PURPOSES OF REQUESTING AND  
4 DISTRIBUTING NONCRIMINAL INFORMATION— For the purposes  
5 of this section and in order to reduce the points of contact which the  
6 Commissioner may have to maintain for purposes of subsection (4)(b)(i)  
7 and (ii) of this section the Commissioner may use the Nationwide Mortgage  
8 Licensing System and Registry as a channeling agent for requesting and  
9 distributing information to and from any source so directed by the  
10 Commissioner.

11 SECTION.060 ISSUANCE OF LICENSE —The Commissioner  
12 shall not issue a mortgage loan originator license unless the Commissioner  
13 makes at a minimum the following findings:

14 (1) NO LICENSE REVOCATION—The applicant has never had a  
15 mortgage loan originator license revoked in any governmental jurisdiction,  
16 except that a subsequent formal vacation of such revocation shall not be  
17 deemed a revocation.

18 (2) NO FELONY CONVICTION—The applicant has not been  
19 convicted of, or pled guilty or nolo contendere to, a felony in a domestic,  
20 foreign, or military court—



1           (a) During the 7-year period preceding the date of the application  
2           for licensing and registration; or

3           (b) At any time preceding such date of application, if such felony  
4           involved an act of fraud, dishonesty, or a breach of trust, or money  
5           laundering;

6           (c) Provided that any pardon of a conviction shall not be a conviction  
7           for purposes of this subsection.

8           (3) CHARACTER AND FITNESS—The applicant has  
9           demonstrated financial responsibility, character, and general fitness such as  
10          to command the confidence of the community and to warrant a  
11          determination that the mortgage loan originator will operate honestly, fairly,  
12          and efficiently within the purposes of this Act.

13          (a) For purposes of this subsection a person has shown that he or she  
14          is not financially responsible when he or she has shown a disregard in the  
15          management of his or her own financial condition. A determination that an  
16          individual has not shown financial responsibility may include, but not be  
17          limited to:

18               (i) Current outstanding judgments, except judgments solely as a  
19               result of medical expenses;

20               (ii) Current outstanding tax liens or other government liens and  
21               filings;

1 (iii) Foreclosures within the past three years;

2 (iv) A pattern of seriously delinquent accounts within the past three  
3 years.

4 (4) PRE-LICENSING EDUCATION—The applicant has  
5 completed the pre-licensing education requirement described in subsection  
6 SECTION.070.

7 (5) WRITTEN TEST—The applicant has passed a written test that  
8 meets the test requirement described in subsection SECTION.080.

9 (6) NET WORTH, SURETY BOND OR STATE FUND  
10 REQUIREMENT—The applicant has met the [States must choose one: net  
11 worth, surety bond requirement, or paid into a State fund] as required  
12 pursuant to SECTION.140.

13 SECTION.070 PRE-LICENSING AND RE-LICENSING  
14 EDUCATION OF LOAN ORIGINATORS—

15 (1) MINIMUM EDUCATIONAL REQUIREMENTS—In order to  
16 meet the prelicensing education requirement referred to in subsection  
17 SECTION.060(4) a person shall complete at least 20 hours of education  
18 approved in accordance with subsection (2) of this section, which shall  
19 include at least—

20 (a) 3 hours of Federal law and regulations;

1 (b) 3 hours of ethics, which shall include instruction on fraud,  
2 consumer protection, and fair lending issues; and

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

5 (2) APPROVED EDUCATIONAL COURSES—For purposes of  
6 subsection (1) of this section, pre-licensing education courses shall be  
7 reviewed, and approved by the Nationwide Mortgage Licensing System and  
8 Registry based upon reasonable standards. Review and approval of a pre-  
9 licensing education course shall include review and approval of the course  
10 provider.

11 (3) APPROVAL OF EMPLOYER AND AFFILIATE  
12 EDUCATIONAL COURSES—Nothing in this section shall preclude any  
13 pre-licensing education course, as approved by the Nationwide Mortgage  
14 Licensing System and Registry that is provided by the employer of the  
15 applicant or an entity which is affiliated with the applicant by an agency  
16 contract, or any subsidiary or affiliate of such employer or entity.

17 (4) VENUE OF EDUCATION—Pre-licensing education may be  
18 offered either in a classroom, online or by any other means approved by the  
19 Nationwide Mortgage Licensing System and Registry.

20 (5) RECIPROCITY OF EDUCATION—The pre-licensing  
21 education requirements approved by the Nationwide Mortgage Licensing



1 System and Registry in subsections (1)(a), (b) and (c) of this section for any  
2 state shall be accepted as credit towards completion of pre-licensing  
3 education requirements in [State].

4 (6) RE-LICENSING EDUCATION REQUIREMENTS—A person  
5 previously licensed under this Act subsequent to the Effective Date of this  
6 Act applying to be licensed again must prove that they have completed all  
7 of the continuing education requirements for the year in which the license  
8 was last held.

9 SECTION.080 TESTING OF LOAN ORIGINATORS—

10 (1) IN GENERAL—In order to meet the written test requirement  
11 referred to in SECTION.060(5), an individual shall pass, in accordance with  
12 the standards established under this subsection, a qualified written test  
13 developed by the Nationwide Mortgage Licensing System and Registry and  
14 administered by a test provider approved by the Nationwide Mortgage  
15 Licensing System and Registry based upon reasonable standards.

16 (2) QUALIFIED TEST—A written test shall not be treated as a  
17 qualified written test for purposes of subsection (1) of this section unless  
18 the test adequately measures the applicant's knowledge and comprehension  
19 in appropriate subject areas, including—

20 (a) Ethics;

21 (b) Federal law and regulation pertaining to mortgage origination;

1 (c) State law and regulation pertaining to mortgage origination;

2 (d) Federal and State law and regulation, including instruction on  
3 fraud, consumer protection, the nontraditional mortgage marketplace, and  
4 fair lending issues.

5 (3) TESTING LOCATION—Nothing in this section shall prohibit  
6 a test provider approved by the Nationwide Mortgage Licensing System and  
7 Registry from providing a test at the location of the employer of the  
8 applicant or the location of any subsidiary or affiliate of the employer of the  
9 applicant, or the location of any entity with which the applicant holds an  
10 exclusive arrangement to conduct the business of a mortgage loan  
11 originator.

12 (4) MINIMUM COMPETENCE—

13 (a) PASSING SCORE—An individual shall not be considered to  
14 have passed a qualified written test unless the individual achieves a test  
15 score of not less than 75 percent correct answers to questions.

16 (b) INITIAL RETESTS—An individual may retake a test 3  
17 consecutive times with each consecutive taking occurring at least 30 days  
18 after the preceding test.

19 (c) SUBSEQUENT RETESTS—After failing 3 consecutive tests,  
20 an individual shall wait at least 6 months before taking the test again.

1 (d) RETEST AFTER LAPSE OF LICENSE—A licensed mortgage  
2 loan originator who fails to maintain a valid license for a period of 5 years  
3 or longer shall retake the test, not taking into account any time during which  
4 such individual is a registered mortgage loan originator.

5 SECTION.090 STANDARDS FOR LICENSE RENEWAL—

6 (1) IN GENERAL—The minimum standards for license renewal for  
7 mortgage loan originators shall include the following:

8 (a) The mortgage loan originator continues to meet the minimum  
9 standards for license issuance under SECTION.060(1)-(6).

10 (b) The mortgage loan originator has satisfied the annual continuing  
11 education requirements described in SECTION.100.

12 (c) The mortgage loan originator has paid all required fees for  
13 renewal of the license.

14 (2) FAILURE TO SATISFY MINIMUM STANDARDS OF  
15 LICENSE RENEWAL—The license of a mortgage loan originator failing  
16 to satisfy the minimum standards for license renewal shall expire. The  
17 Commissioner may adopt procedures for the reinstatement of expired  
18 licenses consistent with the standards established by the Nationwide  
19 Mortgage Licensing System and Registry.

20 SECTION.100 CONTINUING EDUCATION FOR MORTGAGE  
21 LOAN ORIGINATORS —



1 (1) IN GENERAL—In order to meet the annual continuing  
2 education requirements referred to in section SECTION.090(1)(b), a  
3 licensed mortgage loan originator shall complete at least 8 hours of  
4 education approved in accordance with subsection (2) of this section, which  
5 shall include at least—

- 6 (a) 3 hours of Federal law and regulations;
- 7 (b) 2 hours of ethics, which shall include instruction on fraud,  
8 consumer protection, and fair lending issues; and
- 9 (c) 2 hours of training related to lending standards for the  
10 nontraditional mortgage product marketplace.

11 (2) APPROVED EDUCATIONAL COURSES—For purposes of  
12 subsection (1) of this section, continuing education courses shall be  
13 reviewed, and approved by the Nationwide Mortgage Licensing System and  
14 Registry based upon reasonable standards. Review and approval of a  
15 continuing education course shall include review and approval of the course  
16 provider.

17 (3) APPROVAL OF EMPLOYER AND AFFILIATE  
18 EDUCATIONAL COURSES—Nothing in this section shall preclude any  
19 education course, as approved by the Nationwide Mortgage Licensing  
20 System and Registry, that is provided by the employer of the mortgage loan  
21 originator or an entity which is affiliated with the mortgage loan originator

1 by an agency contract, or any subsidiary or affiliate of such employer or  
2 entity.

3 (4) VENUE OF EDUCATION—Continuing education may be  
4 offered either in a classroom, online or by any other means approved by the  
5 Nationwide Mortgage Licensing System and Registry.

6 (5) CALCULATION OF CONTINUING EDUCATION  
7 CREDITS—A licensed mortgage loan originator—

8 (a) Except for SECTION.090(2) and subsection (9) of this section  
9 may only receive credit for a continuing education course in the year in  
10 which the course is taken; and

11 (b) May not take the same approved course in the same or successive  
12 years to meet the annual requirements for continuing education.

13 (6) INSTRUCTOR CREDIT—A licensed mortgage loan originator  
14 who is an approved instructor of an approved continuing education course  
15 may receive credit for the licensed mortgage loan originator's own annual  
16 continuing education requirement at the rate of 2 hours credit for every 1  
17 hour taught.

18 (7) RECIPROCITY OF EDUCATION—A person having  
19 successfully completed the education requirements approved by the  
20 Nationwide Mortgage Licensing System and Registry in subsections (1)(a),

1 (b) and (c) of this section for any state shall be accepted as credit towards  
2 completion of continuing education requirements in the CNMI.

3 (8) LAPSE IN LICENSE—A licensed mortgage loan originator  
4 who subsequently becomes unlicensed must complete the continuing  
5 education requirements for the last year in which the license was held prior  
6 to issuance of a new or renewed license.

7 (9) MAKE UP OF CONTINUING EDUCATION—A person  
8 meeting the requirements of SECTION.090(1)(a) and (c) may make up any  
9 deficiency in continuing education as established by rule or regulation of  
10 the Commissioner.

11 SECTION.110 AUTHORITY TO REQUIRE LICENSE —In  
12 addition to any other duties imposed upon the Commissioner by law, the  
13 Commissioner shall require mortgage loan originators to be licensed and  
14 registered through the Nationwide Mortgage Licensing System and  
15 Registry. In order to carry out this requirement the Commissioner is  
16 authorized to participate in the Nationwide Mortgage Licensing System and  
17 Registry. For this purpose, the Commissioner may establish [by  
18 rule/regulation or order] requirements as necessary, including but not  
19 limited to:

20 (1) BACKGROUND CHECKS—Background checks for:

21 (a) Criminal history through fingerprint or other databases;



- 1 (b) Civil or administrative records;
- 2 (c) Credit history; or
- 3 (d) Any other information as deemed necessary by the Nationwide
- 4 Mortgage Licensing System and Registry.

5 (2) FEES—The payment of fees to apply for or renew licenses  
6 through the Nationwide Mortgage Licensing System and Registry;

7 (3) SETTING DATES—The setting or resetting as necessary of  
8 renewal or reporting dates; and

9 (4) OTHER—Requirements for amending or surrendering a license  
10 or any other such activities as the Commissioner deems necessary for  
11 participation in the Nationwide Mortgage Licensing System and Registry.

12 SECTION.120 NATIONWIDE MORTGAGE LICENSING  
13 SYSTEM AND REGISTRY INFORMATION CHALLENGE  
14 PROCESS— The Commissioner shall establish a process whereby  
15 mortgage loan originators may challenge information entered into the  
16 Nationwide Mortgage Licensing System and Registry by the  
17 Commissioner.

18 SECTION.130 ENFORCEMENT AUTHORITIES, VIOLATIONS  
19 AND PENALTIES —

1           (1) In order to ensure the effective supervision and enforcement of  
2           this Act the Commissioner may, pursuant to the CNMI Administrative  
3           Procedures Act:

4           (a) Deny, suspend, revoke, condition or decline to renew a license  
5           for a violation of this Act, rules or regulations issued under this Act or order  
6           or directive entered under this Act.

7           (b) Deny, suspend, revoke, condition or decline to renew a license  
8           if an applicant or licensee fails at any time to meet the requirements of  
9           SECTION.060 or SECTION.090, or withholds information or makes a  
10          material misstatement in an application for a license or renewal of a license.

11          (c) Order restitution against persons subject to this Act for violations  
12          of this Act.

13          (d) Impose fines on persons subject to this Act pursuant to  
14          subsections (2), (3) and (4) of this section.

15          (e) Issue orders or directives under this Act as follows:

16          (i) Order or direct persons subject to this Act to cease and desist  
17          from conducting business, including immediate temporary orders to cease  
18          and desist.

19          (ii) Order or direct persons subject to this Act to cease any harmful  
20          activities or violations of this Act, including immediate temporary orders to  
21          cease and desist.

1           (iii) Enter immediate temporary orders to cease business under a  
2           license or interim license issued pursuant to the authority granted under  
3           SECTION.040(5) if the Commissioner determines that such license was  
4           erroneously granted or the licensee is currently in violation of this Act;

5           (iv) Order or direct such other affirmative action as the  
6           Commissioner deems necessary.

7           (2) The Commissioner may impose a civil penalty on a mortgage  
8           loan originator or person subject to this Act, if the Commissioner finds, on  
9           the record after notice and opportunity for hearing, that such mortgage loan  
10          originator or person subject to this Act has violated or failed to comply with  
11          any requirement of this Act or any regulation prescribed by the  
12          Commissioner under this Act or order issued under authority of this Act.

13          (3) The maximum amount of penalty for each act or omission  
14          described in subsection (2) of this section shall be \$25,000.

15          (4) Each violation or failure to comply with any directive or order  
16          of the Commissioner is a separate and distinct violation or failure.

17          SECTION.140 Pursuant to PL 110-289, Title V, Section 1508(d)(6),  
18          the CNMI shall require one or more of the following as set forth by  
19          regulation or rule:

20                 SURETY BOND REQUIRED—



1           (1) COVERAGE, FORM AND REGULATIONS—Each mortgage  
2 loan originator shall be covered by a surety bond in accordance with this  
3 section. In the event that the mortgage loan originator is an employee or  
4 exclusive agent of a person subject to this Act, the surety bond of such  
5 person subject to this Act can be used in lieu of the mortgage loan  
6 originator's surety bond requirement.

7           (a) The surety bond shall provide coverage for each mortgage loan  
8 originator in an amount as prescribed in subsection (2) of this section.

9           (b) The surety bond shall be in a form as prescribed by the  
10 Commissioner.

11           (c) The Commissioner may promulgate rules or regulations with  
12 respect to the requirements for such surety bonds as are necessary to  
13 accomplish the purposes of this Act.

14           (2) PENAL SUM OF SURETY BOND—The penal sum of the  
15 surety bond shall be maintained in an amount that reflects the dollar amount  
16 of loans originated as determined by the Commissioner.

17           (3) ACTION ON BOND—When an action is commenced on a  
18 licensee's bond the Commissioner may require the filing of a new bond.

19           (4) NEW BOND—Immediately upon recovery upon any action on  
20 the bond the licensee shall file a new bond.

21           OR MINIMUM NET WORTH REQUIRED—

1           (1) MINIMUM NET WORTH—A minimum net worth shall be  
2           continuously maintained for mortgage loan originators in accordance with  
3           this section. In the event that the mortgage loan originator is an employee  
4           or exclusive agent of a person subject to this Act, the net worth of such  
5           person subject to this Act can be used in lieu of the mortgage loan  
6           originator’s minimum net worth requirement.

7           (a) Minimum net worth shall be maintained in an amount that  
8           reflects the dollar amount of loans originated as determined by the  
9           Commissioner.

10          (b) The Commissioner may promulgate rules or regulations with  
11          respect to the requirements for minimum net worth as are necessary to  
12          accomplish the purposes of this Act.

13                   OR STATE FUND as established by law.

14          SECTION.150 CONFIDENTIALITY —In order to promote more  
15          effective regulation and reduce regulatory burden through supervisory  
16          information sharing—

17           (1) PROTECTIONS—Except as otherwise provided in Public Law  
18          110-289, Section 1512, the requirements under any Federal law or CNMI  
19          laws including but limited to the CNMI Open Government Act, regarding  
20          the privacy or confidentiality of any information or material provided to the  
21          Nationwide Mortgage Licensing System and Registry, and any privilege

1           arising under Federal or State law (including the rules of any Federal or  
2           State court) with respect to such information or material, shall continue to  
3           apply to such information or material after the information or material has  
4           been disclosed to the Nationwide Mortgage Licensing System and Registry.  
5           Such information and material may be shared with all State and Federal  
6           regulatory officials with mortgage industry oversight authority without the  
7           loss of privilege or the loss of confidentiality protections provided by  
8           Federal law or applicable CNMI public disclosure laws.

9                   (2) AGREEMENTS AND SHARING ARRANGEMENTS—For  
10           these purposes, the Commissioner is authorized to enter agreements or  
11           sharing arrangements with other governmental agencies, the Conference of  
12           State Bank Supervisors, the American Association of Residential Mortgage  
13           Regulators or other associations representing governmental agencies as  
14           established by rule, regulation or order of the Commissioner.

15                   (3) NONAPPLICABILITY OF CERTAIN REQUIREMENTS—  
16           Information or material that is subject to a privilege or confidentiality under  
17           subsection (1) of this section shall not be subject to—

18                   (a) Disclosure under any Federal or State law governing the  
19           disclosure to the public of information held by an officer or an agency of  
20           the Federal Government or the respective State; or



1           (b) Subpoena or discovery, or admission into evidence, in any  
2 private civil action or administrative process, unless with respect to any  
3 privilege held by the Nationwide Mortgage Licensing System and Registry  
4 with respect to such information or material, the person to whom such  
5 information or material pertains waives, in whole or in part, in the discretion  
6 of such person, that privilege.

7           (4) COORDINATION WITH CNMI Public Disclosure Laws.  
8 CNMI Public Disclosure law relating to the disclosure of confidential  
9 supervisory information or any information or material described in  
10 subsection (1) of this section that is inconsistent with subsection (1) shall  
11 be superseded by the requirements of this section.

12           (5) PUBLIC ACCESS TO INFORMATION—This section shall not  
13 apply with respect to the information or material relating to the employment  
14 history of, and publicly adjudicated disciplinary and enforcement actions  
15 against, mortgage loan originators that is included in the Nationwide  
16 Mortgage Licensing System and Registry for access by the public.

17           SECTION.160    INVESTIGATION   AND   EXAMINATION  
18 AUTHORITY—In addition to any authority allowed under this Act the  
19 Commissioner shall have the authority to conduct investigations and  
20 examinations as follows:

1           (1) AUTHORITY TO ACCESS INFORMATION—For purposes  
2 of initial licensing, license renewal, license suspension, license  
3 conditioning, license revocation or termination, or general or specific  
4 inquiry or investigation to determine compliance with this Act, the  
5 Commissioner shall have the authority to access, receive and use any books,  
6 accounts, records, files, documents, information or evidence including but  
7 not limited to:

8           (a) Criminal, civil and administrative history information, including  
9 nonconviction data as specified in applicable CNMI law; and

10           (b) Personal history and experience information including  
11 independent credit reports obtained from a consumer reporting agency  
12 described in section 603(p) of the Fair Credit Reporting Act; and (c) Any  
13 other documents, information or evidence the Commissioner deems  
14 relevant to the inquiry or investigation regardless of the location,  
15 possession, control or custody of such documents, information or evidence.

16           (2) INVESTIGATION, EXAMINATION, AND SUBPOENA  
17 AUTHORITY—For the purposes of investigating violations or complaints  
18 arising under this Act, or for the purposes of examination, the  
19 Commissioner may review, investigate, or examine any licensee, individual  
20 or person subject to this Act, as often as necessary in order to carry out the  
21 purposes of this Act. The Commissioner may direct, subpoena, or order the

1 attendance of and examine under oath all persons whose testimony may be  
2 required about the loans or the business or subject matter of any such  
3 examination or investigation, and may direct, subpoena, or order such  
4 person to produce books, accounts, records, files, and any other documents  
5 the Commissioner deems relevant to the inquiry.

6 (3) AVAILABILITY OF BOOKS AND RECORDS—Each  
7 licensee, individual or person subject to this Act shall make available to the  
8 Commissioner upon request the books and records relating to the operations  
9 of such licensee, individual or person subject to this Act. The Commissioner  
10 shall have access to such books and records and interview the officers,  
11 principals, mortgage loan originators, employees, independent contractors,  
12 agents, and customers of the licensee, individual or person subject to this  
13 Act concerning their business.

14 (4) REPORTS AND OTHER INFORMATION AS DIRECTED—  
15 Each licensee, individual or person subject to this Act shall make or compile  
16 reports or prepare other information as directed by the Commissioner in  
17 order to carry out the purposes of this section including but not limited to:

18 (a) Accounting compilations;

19 (b) Information lists and data concerning loan transactions in a  
20 format prescribed by the Commissioner; or



1           (c) Such other information deemed necessary to carry out the  
2 purposes of this section.

3           (5) CONTROL ACCESS TO RECORDS—In making any  
4 examination or investigation authorized by this Act, the Commissioner may  
5 control access to any documents and records of the licensee or person under  
6 examination or investigation. The Commissioner may take possession of  
7 the documents and records or place a person in exclusive charge of the  
8 documents and records in the place where they are usually kept. During the  
9 period of control, no individual or person shall remove or attempt to remove  
10 any of the documents and records except pursuant to a court order or with  
11 the consent of the Commissioner. Unless the Commissioner has reasonable  
12 grounds to believe the documents or records of the licensee have been, or  
13 are at risk of being altered or destroyed for purposes of concealing a  
14 violation of this Act, the licensee or owner of the documents and records  
15 shall have access to the documents or records as necessary to conduct its  
16 ordinary business affairs.

17           (6) ADDITIONAL AUTHORITY—In order to carry out the  
18 purposes of this section, the Commissioner may:

19           (a) Retain attorneys, accountants, or other professionals and  
20 specialists as examiners, auditors, or investigators to conduct or assist in the  
21 conduct of examinations or investigations; (b) Enter into agreements or

1 relationships with other government officials or regulatory associations in  
2 order to improve efficiencies and reduce regulatory burden by sharing  
3 resources, standardized or uniform methods or procedures, and documents,  
4 records, information or evidence obtained under this section;

5 (c) Use, hire, contract or employ public or privately available  
6 analytical systems, methods or software to examine or investigate the  
7 licensee, individual or person subject to this Act;

8 (d) Accept and rely on examination or investigation reports made by  
9 other government officials, within or without this state; or

10 (e) Accept audit reports made by an independent certified public  
11 accountant for the licensee, individual or person subject to this Act in the  
12 course of that part of the examination covering the same general subject  
13 matter as the audit and may incorporate the audit report in the report of the  
14 examination, report of investigation or other writing of the Commissioner.

15 (7) EFFECT OF AUTHORITY—The authority of this section shall  
16 remain in effect, whether such a licensee, individual or person subject to  
17 this Act acts or claims to act under any licensing or registration law of this  
18 State, or claims to act without such authority.

19 (8) WITHHOLD RECORDS—No licensee, individual or person  
20 subject to investigation or examination under this section may knowingly

1 withhold, abstract, remove, mutilate, destroy, or secrete any books, records,  
2 computer records, or other information.

3 SECTION.170 PROHIBITED ACTS AND PRACTICES—It is a  
4 violation of this Act for a person or individual subject to this Act to:

5 (1) Directly or indirectly employ any scheme, device, or artifice to  
6 defraud or mislead borrowers or lenders or to defraud any person;

7 (2) Engage in any unfair or deceptive practice toward any person;

8 (3) Obtain property by fraud or misrepresentation;

9 (4) Solicit or enter into a contract with a borrower that provides in  
10 substance that the person or individual subject to this Act may earn a fee or  
11 commission through “best efforts” to obtain a loan even though no loan is  
12 actually obtained

13 for the borrower;

14 (5) Solicit, advertise, or enter into a contract for specific interest  
15 rates, points, or other financing terms unless the terms are actually available  
16 at the time of soliciting, advertising, or contracting;

17 (6) Conduct any business covered by this Act without holding a  
18 valid license as required under this Act, or assist or aide and abet any person  
19 in the conduct of business under this Act without a valid license as required  
20 under this Act ;



1           (7) Fail to make disclosures as required by this Act and any other  
2 applicable state or federal law including regulations thereunder;

3           (8) Fail to comply with this Act or rules or regulations promulgated  
4 under this Act, or fail to comply with any other state or federal law,  
5 including the rules and regulations thereunder, applicable to any business  
6 authorized or conducted

7           under this Act;

8           (9) Make, in any manner, any false or deceptive statement or  
9 representation [optional add on: including, with regard to the rates, points,  
10 or other financing terms or conditions for a residential mortgage loan, or  
11 engage in bait and switch advertising];

12           (10) Negligently make any false statement or knowingly and  
13 willfully make any omission of material fact in connection with any  
14 information or reports filed with a governmental agency or the Nationwide  
15 Mortgage Licensing System and Registry or in connection with any  
16 investigation conducted by the Commissioner or another governmental  
17 agency;

18           (11) Make any payment, threat or promise, directly or indirectly, to  
19 any person for the purposes of influencing the independent judgment of the  
20 person in connection with a residential mortgage loan, or make any payment  
21 threat or promise, directly or indirectly, to any appraiser of a property, for

1 the purposes of influencing the independent judgment of the appraiser with  
2 respect to the value of the property;

3 (12) Collect, charge, attempt to collect or charge or use or propose  
4 any agreement purporting to collect or charge any fee prohibited by this  
5 Act;

6 (13) Cause or require a borrower to obtain property insurance  
7 coverage in an amount that exceeds the replacement cost of the  
8 improvements as established by the property insurer.

9 (14) Fail to truthfully account for monies belonging to a party to a  
10 residential mortgage loan transaction.

11 SECTION.180 MORTGAGE CALL REPORTS —Each mortgage  
12 licensee shall submit to the Nationwide Mortgage Licensing System and  
13 Registry reports of condition, which shall be in such form and shall contain  
14 such information as the Nationwide Mortgage Licensing System and  
15 Registry may require.

16 SECTION.190 REPORT TO NATIONWIDE MORTGAGE  
17 LICENSING SYSTEM AND REGISTRY —Notwithstanding any privacy  
18 laws, the Commissioner is required to report regularly violations of this act,  
19 as well as enforcement actions and other relevant information, to the  
20 Nationwide Mortgage Licensing System and Registry subject to the  
21 provisions contained in SECTION.150.

1           SECTION.200 PRIVATELY INSURED CREDIT UNIONS —  
2           Non-federally insured credit unions which employ loan originators, as  
3           defined in PL 110-289, Title V, the S.A.F.E. Act, shall register such  
4           employees with the Nationwide Mortgage Licensing System and Registry  
5           by furnishing the information concerning the employees' identity set forth  
6           in Section 1507(a)(2) of PL 110-289, Title V.

7           SECTION.210 UNIQUE IDENTIFIER SHOWN —The unique  
8           identifier of any person originating a residential mortgage loan shall be  
9           clearly shown on all residential mortgage loan application forms,  
10          solicitations or advertisements, including business cards or websites, and  
11          any other documents as established by rule, regulation or order of the  
12          Commissioner.”

13          **Section 4. Severability.** If any provisions of this Act or the application of  
14          any such provision to any person or circumstance should be held invalid by a court  
15          of competent jurisdiction, the remainder of this Act or the application of its  
16          provisions to persons or circumstances other than those to which it is held invalid  
17          shall not be affected thereby.

18          **Section 5. Savings Clause.** This Act and any repealer contained herein  
19          shall not be construed as affecting any existing right acquired under contract or  
20          acquired under statutes repealed or under any rule, regulation, or order adopted  
21          under the statutes. Repealers contained in this Act shall not affect any proceeding




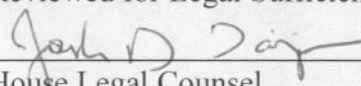
1 instituted under or pursuant to prior law. The enactment of the Act shall not have  
2 the effect of terminating, or in any way modifying, any liability, civil or criminal,  
3 which shall already be in existence on the date this Act becomes effective.

4 **Section 6. Effective Date.** This Act shall take effect upon its approval by  
5 the Governor, or its becoming law without such approval.

Prefiled: 2/19/2021

Date: 2/19/2021

Introduced by:   
Rep. Rep. Joseph Leepan T. Guerrero

*Introduction purposes only*  
Reviewed for ~~Legal Sufficiency~~ by:  
  
House Legal Counsel