

SENATE BILL NO. 44—COMMITTEE ON COMMERCE AND LABOR

(ON BEHALF OF THE DIVISION OF MORTGAGE LENDING
OF THE DEPARTMENT OF BUSINESS AND INDUSTRY)

PREFILED NOVEMBER 18, 2024

Referred to Committee on Commerce and Labor

SUMMARY—Revises provisions relating to financial services.
(BDR 54-258)

FISCAL NOTE: Effect on Local Government: Increases or Newly
Provides for Term of Imprisonment in County or City
Jail or Detention Facility.
Effect on the State: Yes.

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EXPLANATION – Matter in ***bolded italics*** is new; matter between brackets ~~omitted material~~ is material to be omitted.

AN ACT relating to financial services; imposing certain duties on providers of certain financial services relating to the safeguarding of customer information; establishing certain standards relating to the financial condition and corporate governance of certain mortgage servicers; requiring the Commissioner of Mortgage Lending and the Commissioner of Financial Institutions to adopt certain regulations; providing penalties; and providing other matters properly relating thereto.

Legislative Counsel's Digest:

Existing federal regulations set forth standards for the safeguarding of customer information by certain businesses over which the Federal Trade Commission has jurisdiction that are engaged in activities that are financial in nature or incidental to such financial activities. (16 C.F.R. Part 314) The standards require such businesses to, among other things: (1) develop, implement and maintain a comprehensive information security program; and (2) notify the Federal Trade Commission of certain unauthorized acquisitions of customer information, which existing federal regulations designate as a "notification event." (16 C.F.R. §§ 314.2-312.4). **Sections 1, 2, 4, 7, 8, 38-41 and 43-47** of this bill specifically require persons that are providers of certain financial services in this State to comply with the requirements set forth in those federal regulations. Additionally, **sections 1, 2, 4, 7, 8, 38-41 and 43-47** require such a person to: (1) maintain the information security program required by existing federal regulations as part of the books and records of



the person; and (2) notify the Commissioner of Financial Institutions or the Commissioner of Mortgage Lending, as applicable, of any notification event in accordance with the regulations adopted by the applicable commissioner. The persons to which the requirements apply include private professional guardians and private professional guardian companies, escrow agents and escrow agencies, mortgage companies, mortgage loan originators, mortgage servicers, foreclosure consultants, foreclosure purchasers, loan modification consultants, persons performing covered services for compensation, collection agencies and collection agents, persons operating deferred deposit loan services, high-interest loan services, title loan services and check-cashing services, consumer litigation funding companies, providers of earned wage access services, trust companies, student loan servicers, private education lenders, money transmitters and their authorized delegates, installment lenders and providers of debt-management services. **Sections 3, 5, 32 and 42** of this bill require the Commissioner of Mortgage Lending and the Commissioner of Financial Institutions, as applicable, to adopt regulations establishing procedures and requirements for notifying the applicable commissioner of a notification event pursuant to **sections 1, 2, 4, 7, 8, 38-41 and 43-47**.

Section 33 of this bill applies the definitions in existing law that govern foreclosure consultants, foreclosure purchasers, loan modification consultants and persons performing covered services for compensation to the provisions of **section 7**. **Section 34** of this bill provides that the provisions of **section 7** do not apply to certain persons.

Existing law provides for the licensure and regulation of mortgage servicers by the Commissioner of Mortgage Lending. (NRS 645F.500-645F.540) **Sections 9-31** of this bill set forth certain standards for the financial condition and corporate governance of certain mortgage servicers which are modeled, in general, after the Model State Regulatory Prudential Standards for Nonbank Mortgage Servicers approved by the Conference of State Bank Supervisors. Under **sections 26 and 35** of this bill, the standards apply, with certain exceptions, to a "covered institution" which is defined in **section 13** to mean, in general, a mortgage servicer that: (1) services 2,000 or more residential mortgage loans; and (2) operates in two or more states, districts or territories of the United States. **Section 26** requires a covered institution to: (1) maintain certain quantities of assets for liquidity; and (2) have in place sound cash management and business operating plans. **Section 27** requires a covered institution to establish and maintain a board of directors or similar body. **Section 28** imposes certain duties on a board of directors or similar body relating to corporate governance and internal audits. **Section 29** requires a covered institution to obtain an annual external audit. **Section 30** requires a covered institution to: (1) establish a risk management program meeting certain requirements; (2) conduct an annual risk management assessment; and (3) maintain evidence of activities to manage risk performed throughout the year. **Section 31** authorizes the Commissioner, under certain circumstances, to: (1) require a covered institution to satisfy additional conditions; and (2) waive or temporarily suspend any or all of the requirements set forth in **sections 9-31**. **Sections 9-24** define words and terms for the purposes of **sections 9-31**.

Section 36 of this bill authorizes the Commissioner of Mortgage Lending to adopt regulations to carry out the provisions requiring compliance with the standards for the safeguarding of customer information and the standards for the financial condition and corporate governance of certain mortgage servicers. **Section 37** of this bill authorizes the Commissioner to: (1) investigate a mortgage servicer or applicant for a license as a mortgage servicer to ensure compliance with those provisions; and (2) take certain disciplinary actions against a mortgage servicer or applicant for a license as a mortgage servicer who violates those provisions.



THE PEOPLE OF THE STATE OF NEVADA, REPRESENTED IN
SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Chapter 628B of NRS is hereby amended by adding thereto a new section to read as follows:

1. A licensee shall comply with the requirements set forth in 16 C.F.R. Part 314.

2. In addition to complying with the requirements set forth in 16 C.F.R. Part 314, a licensee shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the licensee; and

(b) Notify the Commissioner of any notification event in accordance with the regulations adopted by the Commissioner pursuant to subsection 4 of NRS 658.105.

3. As used in this section:

(a) "Information security program" has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) "Notification event" has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 2. Chapter 645A of NRS is hereby amended by adding thereto a new section to read as follows:

1. A licensee shall comply with the requirements set forth in 16 C.F.R. Part 314.

2. In addition to complying with the requirements set forth in 16 C.F.R. Part 314, a licensee shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the licensee; and

(b) Notify the Commissioner of any notification event in accordance with the regulations adopted by the Commissioner pursuant to NRS 645A.050.

3. As used in this section:

(a) "Information security program" has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) "Notification event" has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 3. NRS 645A.050 is hereby amended to read as follows:

645A.050 1. Subject to the administrative control of the Director of the Department of Business and Industry, the Commissioner shall exercise general supervision and control over escrow agents and agencies doing business in the State of Nevada.

2. In addition to the other duties imposed upon him or her by law, the Commissioner shall:



(a) Adopt such regulations as may be necessary for making this chapter effective. *Such regulations must establish procedures and requirements for notifying the Commissioner of a notification event pursuant to section 2 of this act.*

(b) Conduct or cause to be conducted each year an examination of each escrow agency licensed pursuant to this chapter.

(c) Conduct such investigations as may be necessary to determine whether any person has violated any provision of this chapter.

(d) Conduct such examinations, investigations and hearings, in addition to those specifically provided for by law, as may be necessary and proper for the efficient administration of the laws of this State relating to escrow.

(e) Classify as confidential the financial statements of an escrow agency and those records and information obtained by the Division which:

(1) Are obtained from a governmental agency upon the express condition that they remain confidential.

(2) Except as otherwise provided in NRS 645A.082, consist of information compiled by the Division in the investigation of possible violations of this chapter.

➤ This paragraph does not limit examination by the Legislative Auditor or any other person pursuant to a court order.

3. An escrow agency may engage a certified public accountant to perform such an examination in lieu of the Division. In such a case, the examination must be equivalent to the type of examination made by the Division and the expense must be borne by the escrow agency being examined.

4. The Commissioner shall determine whether an examination performed by an accountant pursuant to subsection 3 is equivalent to an examination conducted by the Division. The Commissioner may examine any area of the operation of an escrow agency if the Commissioner determines that the examination of that area is not equivalent to an examination conducted by the Division.

Sec. 4. Chapter 645B of NRS is hereby amended by adding thereto a new section to read as follows:

1. A mortgage company and mortgage loan originator shall comply with the requirements set forth in 16 C.F.R. Part 314.

2. In addition to complying with the requirements set forth in 16 C.F.R. Part 314, a mortgage company and mortgage loan originator shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the mortgage company or mortgage loan originator; and



(b) Notify the Commissioner of any notification event in accordance with the regulations adopted by the Commissioner pursuant to NRS 645B.060.

3. As used in this section:

(a) "Information security program" has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) "Notification event" has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 5. NRS 645B.060 is hereby amended to read as follows:

645B.060 1. Subject to the administrative control of the Director of the Department of Business and Industry, the Commissioner shall exercise general supervision and control over mortgage companies and mortgage loan originators doing business in this State.

2. In addition to the other duties imposed upon him or her by law, the Commissioner shall:

(a) Adopt regulations:

(1) Setting forth the requirements for an investor to acquire ownership of or a beneficial interest in a loan secured by a lien on real property. The regulations must include, without limitation, the minimum financial conditions that the investor must comply with before becoming an investor.

(2) Establishing reasonable limitations and guidelines on loans made by a mortgage company to a director, officer, mortgage loan originator or employee of the mortgage company.

(b) Adopt any other regulations that are necessary to carry out the provisions of this chapter, except as to loan fees. *Such regulations must establish procedures and requirements for notifying the Commissioner of a notification event pursuant to section 4 of this act.*

(c) Conduct such investigations as may be necessary to determine whether any person has violated any provision of this chapter, a regulation adopted pursuant to this chapter or an order of the Commissioner.

(d) Conduct, at his or her discretion, periodic standard examinations of each mortgage company doing business in this State which must include, without limitation, a formal exit review with the mortgage company. The Commissioner shall adopt regulations prescribing:

(1) Standards for determining the rating of each mortgage company based upon the results of a periodic standard examination; and

(2) Procedures for resolving any objections made by the mortgage company to the results of a periodic standard examination. The results of a periodic standard examination may not be opened to



1 public inspection pursuant to NRS 645B.090 until after a period of
2 time set by the Commissioner to determine any objections made by
3 the mortgage company.

4 (e) Conduct such other examinations, periodic or special audits,
5 investigations and hearings as may be necessary for the efficient
6 administration of the laws of this State regarding mortgage
7 companies and mortgage loan originators. The Commissioner shall
8 adopt regulations specifying the general guidelines that will be
9 followed when a periodic or special audit of a mortgage company is
10 conducted pursuant to this chapter.

11 (f) Classify as confidential certain records and information
12 obtained by the Division when those matters are obtained from a
13 governmental agency upon the express condition that they remain
14 confidential. This paragraph does not limit examination by:

15 (1) The Legislative Auditor; or

16 (2) The Department of Taxation if necessary to carry out the
17 provisions of chapters 363A and 363C of NRS.

18 (g) Conduct such examinations and investigations as are
19 necessary to ensure that mortgage companies and mortgage loan
20 originators meet the requirements of this chapter for obtaining a
21 license, both at the time of the application for a license and
22 thereafter on a continuing basis.

23 3. For each special audit, investigation or examination, a
24 mortgage company or mortgage loan originator shall pay a fee based
25 on the rate established pursuant to NRS 645F.280.

26 **Sec. 6.** Chapter 645F of NRS is hereby amended by adding
27 thereto the provisions set forth as sections 7 to 31, inclusive, of this
28 act.

29 **Sec. 7. 1. A foreclosure consultant, foreclosure purchaser,**
30 **loan modification consultant or person performing covered**
31 **services for compensation shall comply with the requirements set**
32 **forth in 16 C.F.R. Part 314.**

33 **2. In addition to complying with the requirements of 16**
34 **C.F.R. Part 314, a foreclosure consultant, foreclosure purchaser,**
35 **loan modification consultant or person performing covered**
36 **services for compensation shall:**

37 **(a) Maintain the information security program required by 16**
38 **C.F.R. § 314.3 as part of the books and records of the consultant,**
39 **purchaser or person; and**

40 **(b) Notify the Commissioner of any notification event in**
41 **accordance with the regulations adopted by the Commissioner**
42 **pursuant to NRS 645F.255.**

43 **3. As used in this section:**

44 **(a) "Information security program" has the meaning ascribed**
45 **to it in 16 C.F.R. § 314.2.**



(b) "Notification event" has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 8. 1. A mortgage servicer shall comply with the requirements set forth in 16 C.F.R Part 314.

2. In addition to complying with the requirements set forth in 16 C.F.R. Part 314, a mortgage servicer shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the mortgage servicer; and

(b) Notify the Commissioner of any notification event in accordance with the regulations adopted by the Commissioner pursuant to NRS 645F.255.

3. As used in this section:

(a) "Information security program" has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) "Notification event" has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 9. As used in sections 9 to 31, inclusive, of this act, unless the context otherwise requires, the words and terms defined in sections 10 to 24, inclusive, of this act have the meanings ascribed to them in those sections.

Sec. 10. "Agency" means the:

1. Federal Home Loan Mortgage Corporation;
2. Federal National Mortgage Association; or
3. Government National Mortgage Association.

Sec. 11. "Board of directors" means the formal body established by a covered institution that is responsible for corporate governance and compliance with the provisions of sections 9 to 31, inclusive, of this act.

Sec. 12. "Corporate governance" means the structure of a covered institution and how the covered institution is managed, including, without limitation, the corporate rules, policies, processes and practices which are used to oversee and manage the covered institution.

Sec. 13. "Covered institution" means a mortgage servicer that:

1. Services, or subservices for others, 2,000 or more residential mortgage loans for structures comprised of not fewer than one unit and not more than four units, not including whole loans owned and loans being interim serviced before sale, as of the end of the most recent calendar year as reported on the mortgage call report; and

2. Operates in two or more states, districts or territories of the United States either currently or as of the end of the most recent calendar year.



1 **Sec. 14.** *“Credit risk” means the potential that a borrower or*
2 *counterparty will fail to perform on an obligation.*

3 **Sec. 15.** *“Government-sponsored enterprise” means the:*

4 1. *Federal Home Loan Mortgage Corporation; and*

5 2. *Federal National Mortgage Association.*

6 **Sec. 16.** *“Interim serviced before sale” means the activity of*
7 *collecting a limited number of contractual mortgage payments*
8 *immediately after origination on a loan held for sale but before*
9 *the loan is sold into the secondary market.*

10 **Sec. 17.** *“Liquidity risk” means the potential that a covered*
11 *institution:*

12 1. *Will be unable to meet its obligations as they come due*
13 *because of an inability to liquidate assets or obtain adequate*
14 *funding; or*

15 2. *Cannot easily unwind or offset specific exposures.*

16 **Sec. 18.** *“Mortgage call report” means a quarterly or annual*
17 *report of the origination of, servicing of and financial information*
18 *on loans for residential real estate completed by entities licensed in*
19 *the Registry.*

20 **Sec. 19.** *“Mortgage servicing rights” means the contractual*
21 *right to service a residential mortgage loan on behalf of the owner*
22 *of the associated mortgage in exchange for specified*
23 *compensation in accordance with the servicing contract.*

24 **Sec. 20.** *“Mortgage servicing rights investor” means an*
25 *entity which:*

26 1. *Invests in and owns mortgage servicing rights for a*
27 *residential mortgage loan; and*

28 2. *Relies on subservicers to administer the loan on its behalf.*

29 **Sec. 21.** *“Reverse mortgage” means a loan collateralized by*
30 *real estate that:*

31 1. *Does not require contractual monthly payments; and*

32 2. *Is typically repaid upon the death of the borrower through*
33 *the sale of the home or refinance by the heirs of the deceased*
34 *borrower.*

35 **Sec. 22.** *“Servicing liquidity” means the financial resources*
36 *necessary to manage liquidity risk arising from:*

37 1. *The functions of servicing that are required in acquiring*
38 *and financing mortgage servicing rights;*

39 2. *The costs of hedging that are associated with the facilities*
40 *for the mortgage servicing rights and the financing thereof,*
41 *including, without limitation, margin calls; and*

42 3. *Advances or costs of advance financing for principal,*
43 *interest, taxes, insurance and any other advances related to*
44 *servicing.*



1 **Sec. 23.** *“Subservicer” means a mortgage servicer*
2 *performing the routine administration of a residential mortgage*
3 *loan as a subservicing agent of a master servicer or mortgage*
4 *servicing rights investor under the terms of a subservicing*
5 *contract.*

6 **Sec. 24.** *“Whole loan” means a loan for which a mortgage*
7 *and the underlying credit risk is owned and held on the balance*
8 *sheet of the entity with all ownership rights.*

9 **Sec. 25.** 1. Except as otherwise provided in this section,
10 *NRS 645F.500 and section 31 of this act, the provisions of sections*
11 *9 to 31, inclusive, of this act apply to covered institutions. For*
12 *entities within a holding company or an affiliated group of*
13 *companies, the provisions of sections 9 to 31, inclusive, apply at*
14 *the organizational level of the holding company or affiliated group*
15 *of companies that constitutes a covered institution.*

16 2. The provisions of sections 9 to 31, inclusive, of this act do
17 *not apply to an agency.*

18 **Sec. 26.** 1. Except as otherwise provided in this section, a
19 *covered institution shall maintain sufficient allowable assets for*
20 *liquidity, in addition to the amounts required for servicing*
21 *liquidity, to cover normal business operations, including, without*
22 *limitation, payment of rent, salaries, interest expense and other*
23 *typical expenses associated with operating the institution.*
24 *Allowable assets for liquidity include those assets that may be used*
25 *to satisfy the requirements of this subsection, including, without*
26 *limitation:*

27 (a) *Unrestricted cash and cash equivalents; and*

28 (b) *Unencumbered investment grade assets held for sale or*
29 *trade, including, without limitation:*

30 (1) *Mortgage-backed securities of an agency. As used in*
31 *this subparagraph, “mortgage-backed securities” means financial*
32 *instruments, including, without limitation, debt securities,*
33 *collateralized by residential mortgages.*

34 (2) *Obligations of government-sponsored enterprises.*

35 (3) *Obligations of the United States Treasury.*

36 2. A covered institution shall have in place sound cash
37 *management and business operating plans that match the size and*
38 *sophistication of the institution to ensure normal business*
39 *operations. The management of the covered institution must*
40 *develop, establish and implement plans, policies and procedures*
41 *for maintaining operating liquidity sufficient for the ongoing*
42 *needs of the institution. Such plans, policies and procedures must:*

43 (a) *Contain sustainable, written methodologies for*
44 *maintaining sufficient operating liquidity; and*

45 (b) *Be made available to the Commissioner upon request.*



3. For the purposes of complying with the requirements of this section, a covered institution must determine all financial data in accordance with generally accepted accounting principles.

4. A covered institution that satisfies the “Eligibility Requirements for Enterprise Single-Family Seller/Service” of the Federal Housing Finance Agency for capital, net worth ratio and liquidity, whether or not the covered institution is approved to service loans by a government-sponsored enterprise, shall be deemed to satisfy the requirements of this section.

5. The provisions of this section do not apply to:

(a) A mortgage servicer which only owns or conducts servicing of one or more reverse mortgages; or

(b) The portfolio of reverse mortgages administered by a covered institution.

Sec. 27. 1. Except as otherwise provided in subsection 2, a covered institution shall establish and maintain a board of directors.

2. A covered institution may establish a body similar to a board of directors to perform the duties imposed by section 28 of this act if:

(a) The covered institution is not approved by an agency to service loans; or

(b) An agency has granted the covered institution approval to establish an alternative to a board of directors.

Sec. 28. 1. The board of directors of a covered institution, or other body established pursuant to subsection 2 of section 27 of this act, is responsible for the oversight of the covered institution.

2. The board of directors of a covered institution, or other body established pursuant to subsection 2 of section 27 of this act, shall:

(a) Establish a written framework for corporate governance that includes, without limitation, appropriate internal controls designed to monitor corporate governance and assess compliance with the framework.

(b) Monitor and ensure that the covered institution complies with the written framework for corporate governance established pursuant to paragraph (a) and the provisions of sections 9 to 31, inclusive, of this act.

(c) Perform accurate and timely regulatory reporting, including, without limitation, the requirement for filing a mortgage call report for the covered institution.

(d) Establish requirements for internal audits that:

(1) Are appropriate for the size, complexity and risk profile of the covered institution; and



(2) Ensure appropriate independence to provide a reliable evaluation of the internal control structure, risk management and governance of the covered institution.

(e) Make available to the Commissioner, upon request:

(1) The written framework for corporate governance established pursuant to paragraph (a);

(2) The requirements established pursuant to paragraph (d) for internal audits; and

(3) The results of any internal audit performed by the covered institution.

3. As used in this section, "internal audit" means the internal activity of performing independent and objective assurance and consulting to evaluate and improve the effectiveness of the operations, risk management, internal controls and governance processes of a covered institution.

Sec. 29. 1. Each covered institution shall annually obtain an external audit conducted by an independent certified public accountant that includes, without limitation, an audit of financial statements and the preparation of a formal report of the audit.

2. The report of the audit must include, without limitation:

(a) Annual financial statements, including, without limitation:

(1) A balance sheet;

(2) A statement of operations and cash flows, or income statement; and

(3) Notes and supplemental schedules prepared in accordance with generally accepted accounting principles.

(b) An expression of opinion by the independent certified public accountant as to whether the financial statements are presented fairly, in all material aspects, in accordance with the applicable financial reporting framework.

(c) An assessment of the internal control structure of the covered institution, including, without limitation, an evaluation of the adequacy of the internal control structure.

(d) A computation of tangible net worth. For the purposes of this paragraph, tangible net worth is calculated by subtracting all of the following from total equity:

(1) Receivables due from related entities;

(2) Goodwill and other intangibles; and

(3) Pledged assets.

(e) A validation of the valuation and reserve methodology of mortgage servicing rights, as applicable.

(f) Verification of adequate fidelity and errors and omissions insurance.



(g) Testing of controls related to risk management activities, including, without limitation, compliance and stress testing, as applicable.

3. The report of the audit must be made available to the Commissioner upon request.

Sec. 30. 1. A covered institution shall establish a risk management program under the oversight of the board of directors of the institution or other body established pursuant to subsection 2 of section 27 of this act.

2. A risk management program established pursuant to subsection 1 must:

(a) Identify, measure, monitor and control risk sufficient for the level of sophistication of the covered institution.

(b) Have appropriate processes and models in place to measure, monitor and mitigate financial risks and changes to the risk profile of the covered institution and assets being serviced.

(c) Be scaled to the complexity of the organization, but be sufficiently robust to manage risks in several areas, including, without limitation:

(1) Compliance risk;

(2) Credit risk;

(3) Legal risk;

(4) Liquidity risk;

(5) Market risk;

(6) Operational risk; and

(7) Reputation risk.

(d) Be available to the Commissioner upon request.

3. A covered institution shall:

(a) Annually conduct a risk management assessment;

(b) Prepare a formal report of the risk management assessment conducted pursuant to paragraph (a), to include, without limitation, the evidence maintained pursuant to paragraph (e);

(c) Provide the formal report prepared pursuant to paragraph (b) to the board of directors of the covered institution or other body created pursuant to subsection 2 of section 27 of this act;

(d) Make the formal report prepared pursuant to paragraph (b) available to the Commissioner upon request; and

(e) Maintain evidence of activities to manage risk performed throughout the year, including, without limitation, findings of issues and the responses to address those issues, and include that evidence in a formal report prepared for that year pursuant to paragraph (b).

4. As used in this section:



(a) *“Compliance risk” means the risk of regulatory sanctions, fines, penalties or losses resulting from failure to comply with laws, rules, regulations or other supervisory requirements applicable to the covered institution.*

(b) *“Legal risk” means the potential that actions against the covered institution that result in unenforceable contracts, lawsuits, legal sanctions or adverse judgments can disrupt or otherwise negatively affect the operations or condition of the covered institution.*

(c) *“Market risk” means the risk to the condition of the covered institution resulting from adverse movements in market rates or prices.*

(d) *“Operational risk” means the risk resulting from:*

(1) *Inadequate or failed internal processes, persons and systems; or*

(2) *External events.*

(e) *“Reputation risk” means the risk to earnings and capital arising from negative publicity regarding the business practices of the covered institution.*

Sec. 31. 1. *If the Commissioner, after a formal review of a covered institution, determines that the risk to the covered institution is extremely high, the Commissioner may order or direct the covered institution to satisfy additional conditions necessary to ensure that the covered institution will continue to operate in a safe and sound manner and be able to continue to service loans in compliance with all federal and state laws and regulations.*

2. *If the Commissioner, after a formal review of a covered institution, determines that the risk to the covered institution is extremely low, the Commissioner may waive the application of any requirement set forth in sections 9 to 31, inclusive, of this act to the covered institution.*

3. *If the Commissioner determines that economic, environmental or societal events are of such severity to warrant a temporary suspension of any or all of the requirements set forth in sections 9 to 31, inclusive, of this act, the Commissioner may temporarily suspend any or all of those requirements.*

Sec. 32. NRS 645F.255 is hereby amended to read as follows:

645F.255 1. *In addition to the other duties imposed upon him or her by law, the Commissioner shall adopt any regulations that are necessary to carry out the provisions of this chapter.*

2. *The regulations adopted pursuant to subsection 1 must establish procedures and requirements for notifying the Commissioner of a notification event pursuant to sections 7 and 8 of this act.*



1 **Sec. 33.** NRS 645F.300 is hereby amended to read as follows:
2 645F.300 As used in NRS 645F.300 to 645F.450, inclusive,
3 *and section 7 of this act*, unless the context otherwise requires, the
4 words and terms defined in NRS 645F.310 to 645F.370, inclusive,
5 have the meanings ascribed to them in those sections.

6 **Sec. 34.** NRS 645F.380 is hereby amended to read as follows:
7 645F.380 The provisions of NRS 645F.300 to 645F.450,
8 inclusive, *and section 7 of this act* do not apply to, and the terms
9 “foreclosure consultant” and “foreclosure purchaser” do not include:

10 1. An attorney at law licensed to practice in this State rendering
11 services in the performance of his or her duties as an attorney at law,
12 unless the attorney at law is rendering those services in the course
13 and scope of his or her employment by or other affiliation with a
14 person who is licensed or required to be licensed pursuant to NRS
15 645F.390 or is otherwise engaging in a practice that is comprised
16 primarily of providing a covered service to his or her clients;

17 2. A provider of debt-management services registered pursuant
18 to chapter 676A of NRS while providing debt-management services
19 pursuant to chapter 676A of NRS;

20 3. A person or the authorized agent of a person acting under the
21 provisions of a program sponsored by the Federal Government, this
22 State or a local government, including, without limitation, the
23 Department of Housing and Urban Development, the Federal Home
24 Loan Mortgage Corporation, the Federal National Mortgage
25 Association or the Federal Home Loan Bank System;

26 4. A person who holds or is owed an obligation secured by a
27 mortgage or other lien on a residence in foreclosure if the person
28 performs services in connection with this obligation or lien and the
29 obligation or lien did not arise as the result of or as part of a
30 proposed foreclosure reconveyance;

31 5. Any person doing business under the laws of this State or of
32 the United States relating to banks, trust companies, savings and
33 loan associations, savings banks, industrial loan and thrift
34 companies, regulated lenders, credit unions, insurance companies, or
35 a mortgagee which is a United States Department of Housing and
36 Urban Development approved mortgagee and any subsidiary or
37 affiliate of those persons, and any agent or employee of those
38 persons while engaged in the business of those persons;

39 6. A person, other than a person who is licensed pursuant to
40 NRS 645F.390, who is licensed pursuant to chapter 692A or any
41 chapter of title 54 of NRS while acting under the authority of the
42 license;

43 7. A nonprofit agency or organization that offers credit
44 counseling or advice to a homeowner of a residence in foreclosure
45 or a person in default on a loan and which maintains tax-exempt



status under section 501(c)(3) of the Internal Revenue Code of 1986, 26 U.S.C. § 501(c)(3); or

8. A judgment creditor of the homeowner whose claim accrued before the recording of the notice of the pendency of an action for foreclosure against the homeowner pursuant to NRS 14.010 or the recording of the notice of default and election to sell pursuant to NRS 107.080.

Sec. 35. NRS 645F.500 is hereby amended to read as follows:

645F.500 The provisions of NRS 645F.500 to 645F.540, inclusive, *and sections 8 to 31, inclusive, of this act* do not apply to:

1. A depository financial institution, as that term is defined in NRS 645B.0109, or any subsidiary or holding company of a depository financial institution if such entity maintains its principal place of business or a branch office in this State.

2. A real estate investment trust, as that term is defined in 26 U.S.C. § 856(a), unless the business conducted by the trust in this State is not subject to supervision by the appropriate regulatory body of a jurisdiction outside of this State.

3. Any trustee of an employee benefit plan, as that term is defined in 29 U.S.C. § 1002(3), who makes a residential mortgage loan directly from money in the plan.

4. An attorney who is licensed in this State and who does not engage in the business of, or otherwise hold himself or herself out as being able to provide services related to, a mortgage servicer, if the activities of the attorney are directly incidental to the representation of a client.

5. A person performing any act pursuant to a court order.

6. A federal or state agency or a political subdivision of this State, including, without limitation, the Public Employees' Retirement System.

7. A nonprofit organization that is recognized as exempt under section 501(c)(3) of the Internal Revenue Code, 26 U.S.C. § 501(c)(3).

8. A mortgage servicer that, in the aggregate with any affiliates, services not more than 10 residential mortgage loans in this State during a calendar year.

9. A person licensed pursuant to the provisions of chapter 645B or 675 of NRS who is collecting payments on a mortgage loan or servicing one or more mortgage loans made or arranged by the person under his or her license.

Sec. 36. NRS 645F.520 is hereby amended to read as follows:

645F.520 1. The Commissioner:

(a) Shall adopt regulations establishing the requirements for the licensure and supervision of mortgage servicers in this State.



(b) May adopt any other regulations necessary to carry out the provisions of NRS 645F.500 to 645F.540, inclusive ~~H~~ , and *sections 8 to 31, inclusive, of this act.*

2. The regulations adopted pursuant to subsection 1 must:

(a) Prescribe the form and contents of an application for the initial issuance and renewal of a license as a mortgage servicer.

(b) Prescribe the manner in which an application may be approved or denied.

(c) Prescribe the grounds and procedures for the revocation, suspension, denial or nonrenewal of a license.

(d) Establish reasonable fees for an application, the initial issuance of a license and the renewal of a license.

(e) Establish the manner in which the Commissioner may take appropriate disciplinary action, including, without limitation, the imposition of an administrative fine, against any person for a violation of any regulation adopted pursuant to subsection 1 or any provision of NRS 645F.500 to 645F.540, inclusive ~~H~~ , and *sections 8 to 31, inclusive, of this act.*

Sec. 37. NRS 645F.530 is hereby amended to read as follows:
645F.530 1. A mortgage servicer shall comply with:

(a) The relevant provisions of 12 C.F.R. Part 1024, commonly known as Regulation X, and 12 C.F.R. Part 1026, commonly known as Regulation Z, as those regulations are amended by the Final Servicing Rules issued by the Consumer Financial Protection Bureau in 78 Federal Register 10696 and 10902 on February 14, 2013, and any amendments thereto.

(b) Any other applicable federal or state law or regulation or any order of the Commissioner.

2. The Commissioner shall conduct any examination or investigation of a mortgage servicer or applicant for the issuance of a license as a mortgage servicer as may be necessary to ensure compliance with the provisions of NRS 645F.500 to 645F.540, inclusive, *and sections 8 to 31, inclusive, of this act* and any regulations adopted pursuant thereto.

3. If the Commissioner, upon examination or investigation of a mortgage servicer or applicant for the issuance of a license as a mortgage servicer, determines that the mortgage servicer or applicant has violated any applicable provision of NRS 645F.500 to 645F.540, inclusive, *and sections 8 to 31, inclusive, of this act* or any regulations adopted pursuant thereto, the Commissioner may take such disciplinary action against the mortgage servicer or applicant as may be authorized by regulation of the Commissioner.



Sec. 38. Chapter 649 of NRS is hereby amended by adding thereto a new section to read as follows:

1. A licensee shall comply with the requirements set forth in 16 C.F.R. Part 314.

2. In addition to complying with the requirements set forth in 16 C.F.R. Part 314, a licensee shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the licensee; and

(b) Notify the Commissioner of any notification event in accordance with the regulations adopted by the Commissioner pursuant to subsection 4 of NRS 658.105.

3. As used in this section:

(a) "Information security program" has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) "Notification event" has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 39. Chapter 604A of NRS is hereby amended by adding thereto a new section to read as follows:

1. A licensee shall comply with the requirements set forth in 16 C.F.R. Part 314.

2. In addition to complying with the requirements set forth in 16 C.F.R. Part 314, a licensee shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the licensee; and

(b) Notify the Commissioner of any notification event in accordance with the regulations adopted by the Commissioner pursuant to subsection 4 of NRS 658.105.

3. As used in this section:

(a) "Information security program" has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) "Notification event" has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 40. Chapter 604C of NRS is hereby amended by adding thereto a new section to read as follows:

1. A licensee shall comply with the requirements set forth in 16 C.F.R. Part 314.

2. In addition to complying with the requirements set forth in 16 C.F.R. Part 314, a licensee shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the licensee; and



(b) Notify the Commissioner of any notification event in accordance with the regulations adopted by the Commissioner pursuant to subsection 4 of NRS 658.105.

3. As used in this section:

(a) "Information security program" has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) "Notification event" has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 41. Chapter 604D of NRS is hereby amended by adding thereto a new section to read as follows:

1. A licensee shall comply with the requirements set forth in 16 C.F.R. Part 314.

2. In addition to complying with the requirements set forth in 16 C.F.R. Part 314, a licensee shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the licensee; and

(b) Notify the Commissioner of any notification event in accordance with the regulations adopted by the Commissioner pursuant to subsection 4 of NRS 658.105.

3. As used in this section:

(a) "Information security program" has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) "Notification event" has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 42. NRS 658.105 is hereby amended to read as follows:

658.105 In addition to the other powers conferred upon the Commissioner by chapters 657 to 671, inclusive, of NRS, the Commissioner:

1. Is charged with the enforcement of the provisions of chapters 657 to 671, inclusive, of NRS, subject to administrative supervision by the Director of the Department of Business and Industry;

2. May make and publish regulations for the governing of banks doing business under the provisions of chapters 657 to 671, inclusive, of NRS; and

3. May require banks to furnish an audited financial statement prepared by an independent certified public accountant licensed to do business in Nevada.

4. Shall adopt regulations establishing procedures and requirements for notifying the Commissioner of a notification event pursuant to sections 1, 38 to 41, inclusive, and 43 to 47, inclusive, of this act.



Sec. 43. Chapter 669 of NRS is hereby amended by adding thereto a new section to read as follows:

1. A licensee shall comply with the requirements set forth in 16 C.F.R. Part 314.

2. In addition to complying with the requirements set forth in 16 C.F.R. Part 314, a licensee shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the licensee; and

(b) Notify the Commissioner of any notification event in accordance with the regulations adopted by the Commissioner pursuant to subsection 4 of NRS 658.105.

3. As used in this section:

(a) "Information security program" has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) "Notification event" has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 44. Chapter 670B of NRS is hereby amended by adding thereto a new section to read as follows:

1. A licensee and a private education lender shall comply with the requirements set forth in 16 C.F.R. Part 314.

2. In addition to complying with the requirements set forth in 16 C.F.R. Part 314, a licensee and a private education lender shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the licensee or private education lender; and

(b) Notify the Commissioner of any notification event in accordance with the regulations adopted by the Commissioner pursuant to subsection 4 of NRS 658.105.

3. As used in this section:

(a) "Information security program" has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) "Notification event" has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 45. Chapter 671 of NRS is hereby amended by adding thereto a new section to read as follows:

1. A licensee and an authorized delegate shall comply with the requirements set forth in 16 C.F.R. Part 314.

2. In addition to complying with the requirements of 16 C.F.R. Part 314, a licensee and an authorized delegate shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the licensee or authorized delegate; and



(b) Notify the Commissioner of any notification event in accordance with the regulations adopted by the Commissioner pursuant to subsection 4 of NRS 658.105.

3. As used in this section:

(a) “Information security program” has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) “Notification event” has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 46. Chapter 675 of NRS is hereby amended by adding thereto a new section to read as follows:

1. A licensee shall comply with the requirements set forth in 16 C.F.R. Part 314.

2. In addition to complying with the requirements set forth in 16 C.F.R. Part 314, a licensee shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the licensee; and

(b) Notify the Commissioner of any notification event in accordance with the regulations adopted by the Commissioner pursuant to subsection 4 of NRS 658.105.

3. As used in this section:

(a) “Information security program” has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) “Notification event” has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 47. Chapter 676A of NRS is hereby amended by adding thereto a new section to read as follows:

1. A provider shall comply with the requirements set forth in 16 C.F.R. Part 314.

2. In addition to complying with the requirements set forth in 16 C.F.R. Part 314, a provider shall:

(a) Maintain the information security program required by 16 C.F.R. § 314.3 as part of the books and records of the provider; and

(b) Notify the Commissioner of any notification event pursuant to regulations adopted by the Commissioner pursuant to subsection 4 of NRS 658.105.

3. As used in this section:

(a) “Information security program” has the meaning ascribed to it in 16 C.F.R. § 314.2.

(b) “Notification event” has the meaning ascribed to it in 16 C.F.R. § 314.2.

Sec. 48. 1. This section becomes effective upon passage and approval.

2. Sections 1 to 47, inclusive, of this act become effective:



- 1 (a) Upon passage and approval for the purpose of adopting any
2 regulations and performing any other preparatory administrative
3 tasks that are necessary to carry out the provisions of this act; and
4 (b) On January 1, 2026, for all other purposes.



