

HOUSE BILL NO. 90

INTRODUCED BY W. MCNUTT

BY REQUEST OF THE DEPARTMENT OF ADMINISTRATION

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5 A BILL FOR AN ACT ENTITLED: "AN ACT GENERALLY REVISING MONTANA MORTGAGE LAWS;
6 CHANGING THE NAME OF THE MONTANA MORTGAGE BROKER, MORTGAGE LENDER, AND MORTGAGE
7 LOAN ORIGINATOR LICENSING ACT TO THE MONTANA MORTGAGE ACT; REVISING DEFINITIONS;
8 DEFINING AND PROVIDING FOR THE LICENSING AND REGULATION OF MORTGAGE SERVICERS;
9 REVISING THE MONTANA MORTGAGE ACT TO CONFORM TO FEDERAL LAW; REVISING APPLICATION
10 AND LICENSING REQUIREMENTS; REDUCING THE REQUIRED HOURS FOR CONTINUING EDUCATION;
11 REVISING RECORDKEEPING AND REPORTING REQUIREMENTS; REVISING BONDING REQUIREMENTS;
12 REVISING DISCLOSURE REQUIREMENTS; PROHIBITING CERTAIN ACTS BY MORTGAGE LENDERS AND
13 MORTGAGE SERVICERS; EXPANDING THE DEPARTMENT OF ADMINISTRATION'S RULEMAKING
14 AUTHORITY; AMENDING SECTIONS 31-1-202, 32-5-102, 32-7-103, 32-9-101, 32-9-102, 32-9-103, 32-9-104,
15 32-9-105, 32-9-106, 32-9-107, 32-9-112, 32-9-113, 32-9-116, 32-9-117, 32-9-118, 32-9-120, 32-9-121, 32-9-122,
16 32-9-123, 32-9-124, 32-9-125, 32-9-126, 32-9-128, 32-9-129, 32-9-130, 32-9-133, 32-9-145, 32-9-148, 32-9-150,
17 32-9-151, AND 32-9-160, MCA; AND REPEALING SECTIONS 32-9-114 AND 32-9-127, MCA."

18

19 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

20

21 **Section 1.** Section 31-1-202, MCA, is amended to read:

22 **"31-1-202. Definitions -- scope.** (1) Unless the context requires otherwise, in this part the following
23 definitions apply:

24 (a) "Cash sale price" means the price stated in a retail installment contract or in a sales slip or other
25 memorandum furnished by a retail seller to a retail buyer under or in connection with a retail charge account
26 agreement for which the seller would have sold or furnished to the buyer and the buyer would have bought or
27 obtained from the seller the goods or services that are the subject matter of the retail installment transaction, if
28 the sale had been a sale for cash. The cash sale price may include any taxes, registration, certificate of title,
29 license, and official fees and cash sale prices for services, if any, and for accessories and their installation and
30 for delivering, servicing, repairing, or improving the goods.

- 1 (b) "Department" means the department of administration provided for in Title 2, chapter 15, part 10.
- 2 (c) "Finance charge" means the amount, as limited by 31-1-241, in addition to the principal balance,
3 agreed upon between the buyer and the seller, to be paid by the buyer for the privilege of purchasing goods or
4 services to be paid for by the buyer in one or more deferred installments.
- 5 (d) "Goods" means all chattels personal, including motor vehicles and merchandise certificates or
6 coupons exchangeable for chattels personal but not including money, ~~or things in action, or dwellings as defined~~
7 in 15 U.S.C. 1602(v). ~~The term includes goods that, at the time of the sale or subsequently, are to be so affixed~~
8 ~~to realty as to become a part of the realty, whether or not severable from it.~~
- 9 (e) "Holder" means:
- 10 (i) the retail seller of the goods or services under the retail installment contract or retail charge account
11 agreement or a person who establishes and administers retail charge account agreements with retail buyers;
- 12 (ii) the assignee, if the retail installment contract or the retail charge account agreement or the balance
13 in the account under either has been sold or otherwise transferred; or
- 14 (iii) any other person entitled to the rights of the retail seller under any retail installment contract or any
15 retail charge account agreement.
- 16 (f) "Manufactured structure" means any structure, transportable in one or more sections, designed to be
17 used as a single-family dwelling or commercial building with or without a permanent foundation when connected
18 to the required utilities and includes the plumbing, heating, air-conditioning, and electrical systems contained in
19 the structure.
- 20 (g) (i) "Motor vehicle" means any new or used automobile, motorcycle, quadricycle, truck, trailer,
21 semitrailer, truck tractor, and all vehicles with any power, other than muscular power, primarily designed or used
22 to transport persons or property on a public highway.
- 23 (ii) The term does not include any vehicle that runs only on rails or tracks or in the air.
- 24 (iii) The term does not include a dwelling as defined in 15 U.S.C. 1602(v).
- 25 (h) "Official fees" means:
- 26 (i) the fees prescribed by law for filing, recording, or otherwise perfecting and releasing or satisfying any
27 title or lien retained or taken by a seller in connection with a retail installment transaction; or
- 28 (ii) the premium for insurance in lieu of filing, recording, or otherwise perfecting any title or lien retained
29 or taken by a seller in connection with a retail installment transaction to the extent that the premium does not
30 exceed the fees that would otherwise be payable for filing, recording, or otherwise perfecting and releasing or

1 satisfying any title or lien retained or taken by a seller in connection with a retail installment transaction.

2 (i) "Person" means an individual, partnership, corporation, association, and any other group, however
3 organized.

4 (j) "Principal balance" means the cash sale price of the goods or services that are the subject matter of
5 a retail installment transaction plus the amounts, if any, included in the sale, if a separate identified charge is
6 made and stated in the contract, for insurance and other benefits and official fees, minus the amount of the
7 buyer's downpayment in money or goods.

8 (k) "Recreational vehicle" means a vehicular type unit that either has its own motor power or is mounted
9 on or drawn by another vehicle, primarily designed as temporary living quarters for recreational, camping, or
10 travel use.

11 (l) "Retail buyer" or "buyer" means a person who buys goods or obtains services from a retail seller in
12 a retail installment transaction and not for the purpose of resale.

13 (m) "Retail charge account agreement" means an instrument in writing prescribing the terms of retail
14 installment transactions that may be made under it from time to time under which a retail seller gives to a retail
15 buyer the privilege of using a credit card issued by the retail seller or any other person or other credit confirmation
16 or identification for the purpose of purchasing goods or services from the retail seller, from the retail seller and
17 any other person, or from a person licensed or franchised by the retail seller and under the terms of which a
18 finance charge may be computed in relation to the buyer's average daily balance in the account during the billing
19 cycle or the buyer's balance from time to time.

20 (n) "Retail installment contract" or "contract" means an agreement evidencing a retail installment
21 transaction entered into in this state under which a buyer promises to pay in one or more deferred installments
22 the time sale price of goods or services, or both. The term includes a chattel mortgage, a conditional sales
23 contract, and a contract for the bailment or leasing of goods by which the bailee or lessee contracts to pay as
24 compensation for its use a sum substantially equivalent to or in excess of its value and by which it is agreed that
25 the bailee or lessee is bound to become, or for no further or a merely nominal consideration has the option of
26 becoming, the owner of the goods upon full compliance with the provisions of the contract.

27 (o) "Retail installment transaction" means a written contract to sell or furnish, or the sale or furnishing
28 of, goods or services by a retail seller to a retail buyer pursuant to a retail charge account agreement or under
29 a retail installment contract.

30 (p) "Retail seller" or "seller" means a person who sells goods or furnishes services to a retail buyer in

1 a written retail installment contract or written retail installment transaction.

2 (q) (i) "Sales finance company" means a person engaged, in whole or in part, in the business of
3 purchasing retail installment contracts from one or more sellers. The term includes but is not limited to a bank,
4 trust company, investment company, or savings and loan association, if engaged in purchasing retail installment
5 contracts.

6 (ii) The term does not include a person who makes only isolated purchases of retail installment contracts
7 that are not being made in the course of repeated and successive purchases of retail installment contracts from
8 the same seller.

9 (r) "Services" means work, labor, and services furnished in the delivery, installation, servicing, repair,
10 or improvement of goods.

11 (s) "Time sale price" means the total of the cash sale price of the goods or services and the amount, if
12 any, included for insurance and other benefits, if a separate identified charge is made for insurance and benefits,
13 and the amounts of the official fees and the finance charge.

14 (2) (a) This part does not apply to the lending of money by banks or other lending institutions and
15 securing loans by chattel mortgages of goods in the ordinary course of lending by those banks or other lending
16 institutions.

17 (b) This part applies to the extension of credit by those banks or other lending institutions under retail
18 installment contracts or credit cards issued by those banks or other lending institutions.

19 (c) This part does not apply to a person who is licensed pursuant to Title 32, chapter 9, part 1, as a
20 mortgage broker, mortgage lender, or mortgager servicer and who is in compliance with the provisions of Title
21 32, chapter 9, part 1."

22

23 **Section 2.** Section 32-5-102, MCA, is amended to read:

24 **"32-5-102. Definitions.** Unless the context requires otherwise, in this chapter, the following definitions
25 apply:

26 (1) "Balloon payment" means any repayment option in which the borrower is required to repay the entire
27 amount of any outstanding balance as of a specific date or at the end of a specified term and the aggregate
28 amount of the required minimum periodic payments would not fully amortize the outstanding balance by the
29 specific date or at the end of the loan term.

30 (2) (a) "Consumer loan" means credit offered or extended to an individual primarily for personal, family,

1 or household purposes, including loans for personal, family, or household purposes that are not primarily secured
2 by a mortgage, deed of trust, trust indenture, or other security interest in real estate.

3 (b) Consumer loans do not include:

4 (i) deferred deposit loans provided for in Title 31, chapter 1, part 7; ~~or~~

5 (ii) title loans provided for in Title 31, chapter 1, part 8; or

6 (iii) residential mortgage loans as defined in 32-9-103.

7 (3) "Department" means the department of administration provided for in Title 2, chapter 15, part 10.

8 (4) "Interest" means the compensation allowed by law or fixed by the parties for the use or forbearance
9 or detention of money and includes loan origination fees, points, and prepaid finance charges, as defined in 12
10 CFR 226.2.

11 (5) "License" means a license provided for by this chapter.

12 (6) "Licensee" means the person holding a license.

13 (7) "Person" means individuals, partnerships, associations, corporations, and all legal entities."
14

15 **Section 3.** Section 32-7-103, MCA, is amended to read:

16 **"32-7-103. Exemptions.** (1) The provisions of this part do not apply to the following:

17 (a) a person licensed by this state pursuant to Title 37, chapter 61, as an attorney at law who is not
18 actively engaged in the escrow business;

19 (b) a person licensed by this state pursuant to Title 37, chapter 50, as a public accountant who is not
20 actively engaged in the escrow business;

21 (c) a person whose principal business is that of preparing abstracts or making searches of title that are
22 used as a basis for the issuance of any title insurance policy by a company doing business under the laws of this
23 state relating to insurance companies and the person is regulated by the commissioner of insurance;

24 (d) a person licensed pursuant to Title 32, chapter 9, part 1, as a mortgage broker, mortgage lender, or
25 mortgage servicer;

26 ~~(d)~~(e) a financial institution, as defined in 32-6-103, that has its escrow accounts regularly audited or
27 examined. The financial institution shall supply a copy of the most recently prepared audit or examination to the
28 director upon the director's request.

29 ~~(e)~~(f) except as provided in subsection (2), any broker licensed by the Montana board of realty regulation
30 if the broker is performing an act:

1 (i) in the course of or incidental to a single real estate transaction; and

2 (ii) for which a real estate license is required; and

3 ~~(f)~~(g) any person furnishing escrow services under the order of a court.

4 (2) A trust account of a broker licensed by the Montana board of realty regulation is not an escrow
5 account within the meaning of this part."

6

7 **Section 4.** Section 32-9-101, MCA, is amended to read:

8 **"32-9-101. Short title and purpose.** (1) This part may be cited as the "Montana Mortgage ~~Broker,~~
9 ~~Mortgage Lender, and Mortgage Loan Originator Licensing Act~~".

10 (2) The legislature recognizes that buying or financing a home is one of the largest, most complicated,
11 and vitally important decisions facing consumers in Montana. Therefore, the legislature finds it desirable to license
12 certain persons in the residential mortgage industry that are outside of the traditional banking industry and that
13 have a direct involvement in consumers' financial welfare, including mortgage brokers, mortgage lenders,
14 mortgage servicers, and mortgage loan originators, to promote honesty, education, and professionalism, to
15 ensure the availability and diversity of residential mortgage funding, and to protect Montana consumers and the
16 stability of Montana's economy.

17 (3) The legislature finds that it is necessary to implement the federal Secure and Fair Enforcement for
18 Mortgage Licensing Act of 2008 and, together with the residential mortgage industry, recognizes the importance
19 of statewide participation in the nationwide mortgage licensing system and registry. (See compiler's comment
20 regarding contingent suspension.)"

21

22 **Section 5.** Section 32-9-102, MCA, is amended to read:

23 **"32-9-102. License requirement -- registration.** (1) Unless exempt under 32-9-104, a person may not
24 act as a mortgage broker, mortgage lender, mortgage servicer, or mortgage loan originator with respect to any
25 residential ~~real estate~~ mortgage loan located in Montana unless licensed under the provisions of this part.

26 (2) ~~Any~~ A person acting as a mortgage broker, mortgage lender, mortgage servicer, or mortgage loan
27 originator under this part is required to be licensed ~~and through~~, registered with, and maintain a valid unique
28 identifier issued by the nationwide mortgage licensing system and registry ~~by the date set forth in 32-9-105(4).~~
29 (See compiler's comment regarding contingent suspension.)"

30

1 **Section 6.** Section 32-9-103, MCA, is amended to read:

2 **"32-9-103. Definitions.** As used in this part, the following definitions apply:

3 (1) "Administrative or clerical tasks" mean the receipt, collection, and distribution of information common
4 for the processing or underwriting of a residential mortgage loan and communication with a consumer to obtain
5 information necessary for the processing or underwriting of a residential mortgage loan to the extent that the
6 communication does not include offering or negotiating loan rates or terms or counseling consumers about
7 residential mortgage loan rates or terms.

8 (2) "Approved education course" means any course approved by the nationwide mortgage licensing
9 system and registry.

10 (3) "Approved test provider" means any test provider approved by the nationwide mortgage licensing
11 system and registry.

12 (4) "Bona fide third party" means a person that provides services relative to the origination of a residential
13 mortgage loan transactions. The term includes but is not limited to real estate appraisers and credit reporting
14 agencies.

15 (5) "Borrower" means a person seeking a residential mortgage loan or an obligor on a residential
16 mortgage loan.

17 (6) "Branch office" means a location at which a licensee conducts business other than a licensee's
18 principal place of business. The location is considered a branch office if:

19 (a) the address of the location appears on business cards, stationery, or advertising used by the entity;

20 (b) the entity's name or advertising suggests that mortgages are made at the location;

21 (c) the location is held out to the public as a licensee's place of business due to the actions of an
22 employee or independent contractor of the entity; or

23 (d) the location is controlled directly or indirectly by the entity.

24 (7) (a) "Control" means the power, directly or indirectly, to direct the management or policies of an entity,
25 whether through ownership of securities, by contract, or otherwise.

26 (b) A person is presumed to control an entity if that person:

27 (i) is a director, general partner, or executive officer;

28 (ii) directly or indirectly has the right to vote 10% or more of a class of a voting security or has the power
29 to sell or direct the sale of 10% or more of a class of voting securities;

30 (iii) in the case of a limited liability company, is a managing member; or

1 (iv) in the case of a partnership, has the right to receive upon dissolution or has contributed 10% or more
2 of the capital.

3 (8) "Department" means the department of administration provided for in 2-15-1001, acting through its
4 division of banking and financial institutions.

5 (9) "Depository institution" has the meaning provided in section 3 of the Federal Deposit Insurance Act,
6 12 U.S.C. 1813(c), and includes any credit union.

7 (10) "Designated manager" means a mortgage loan originator with at least 3 years of experience as a
8 mortgage loan originator or registered mortgage loan originator who is designated by an entity as the individual
9 responsible for the operation of a particular location that is under the designated manager's full management,
10 supervision, and control.

11 (11) "Dwelling" has the meaning provided in 15 U.S.C. 1602(v).

12 ~~(11)~~(12) "Entity" means a business organization, including a sole proprietorship.

13 ~~(12)~~(13) "Escrow account" means a depository account with a financial institution that provides deposit
14 insurance and that is separate and distinct from any personal, business, or other account of the mortgage lender
15 or mortgage servicer and is maintained solely for the holding and payment of escrow funds.

16 ~~(13)~~(14) "Escrow funds" means funds entrusted to a mortgage lender or mortgage servicer by a borrower
17 for payment of taxes, insurance, or other payments to be made in connection with the servicing of a loan.

18 ~~(14)~~(15) "Federal banking agency" means the board of governors of the federal reserve system, the
19 comptroller of the currency, the director of the office of thrift supervision, the national credit union administration,
20 or the federal deposit insurance corporation.

21 ~~(15)~~(16) "Immediate family member" means a spouse, child, sibling, grandparent, grandchild, stepchild,
22 stepbrother, or stepsister and includes parent, grandparent, child, grandchild, and sibling relationships based
23 upon adoptive relationships.

24 ~~(16)~~(17) "Individual" means a natural person.

25 ~~(17)~~(18) "Licensee" means a person authorized pursuant to this part to engage in activities regulated by
26 this part. The term does not include an individual who is a registered mortgage loan originator.

27 ~~(18)~~(19) "Loan commitment" means a statement transmitted in writing or electronically by a mortgage
28 lender setting forth the terms and conditions upon which the mortgage lender is willing to make a particular
29 residential mortgage loan to a particular borrower.

30 ~~(19)~~(20) "Loan processor or underwriter" means an individual who performs administrative or clerical

1 tasks as an employee, subsequent to the receipt of a residential mortgage loan application, at the direction of and
 2 subject to the supervision of a licensed mortgage loan originator or registered mortgage loan originator.

3 ~~(20)~~(21) "Mortgage" means a consensual interest in real property located in Montana, including
 4 improvements, securing a debt evidenced by a mortgage, trust indenture, deed of trust, or other lien on real
 5 property.

6 ~~(24)~~(22) (a) "Mortgage broker" means an entity that obtains, attempts to obtain, or assists in obtaining
 7 a mortgage loan for a borrower from a mortgage lender in return for consideration or in anticipation of
 8 consideration.

9 (b) For purposes of this subsection ~~(24)~~ (22), attempting to or assisting in obtaining a mortgage loan
 10 includes referring a borrower to a mortgage lender or mortgage broker, soliciting or offering to solicit a mortgage
 11 loan on behalf of a borrower, or negotiating or offering to negotiate the terms or conditions of a mortgage loan
 12 with a mortgage lender on behalf of a borrower.

13 ~~(22)~~(23) "Mortgage lender" means an entity that closes a residential mortgage loan, advances funds,
 14 offers to advance funds, or commits to advancing funds for a mortgage loan applicant.

15 ~~(23)~~(24) (a) "Mortgage loan originator" means an individual who for compensation or gain or in the
 16 expectation of compensation or gain:

17 (i) takes a residential mortgage loan application; or

18 (ii) offers or negotiates terms of a residential mortgage loan.

19 (b) The term does not include an individual:

20 (i) engaged solely as a loan processor or underwriter, except as provided in 32-9-129; or

21 (ii) involved solely in extensions of credit relating to timeshare plans, as that term is defined in 11 U.S.C.
 22 101(53D).

23 ~~(24) "Mortgage servicer loss mitigation specialist" means a person who on behalf of the person making~~
 24 ~~the residential mortgage loan works with a borrower who is in default or in a foreseeable likelihood of a default~~
 25 ~~to modify or refinance either temporarily or permanently the borrower's obligations in order to avoid foreclosure~~
 26 ~~or otherwise to finalize collection through the foreclosure process:~~

27 (25) "Mortgage servicer" means an entity that:

28 (a) engages, for compensation or gain from another or on its own behalf, in the business of receiving
 29 any scheduled periodic payment from a borrower pursuant to the terms of a residential mortgage loan, residential
 30 mortgage servicing documents, or a residential mortgage servicing contract; or

1 (b) meets the definition of "servicer" in 12 U.S.C. 2605(i)(2) with respect to residential mortgage loans.

2 ~~(25)(26)~~ "Nationwide mortgage licensing system and registry" means a mortgage licensing system
3 developed and maintained by the conference of state bank supervisors and the American association of
4 residential mortgage regulators for the registration of state-licensed mortgage brokers, state-licensed mortgage
5 lenders, state-licensed mortgage servicers, state-licensed mortgage loan originators, and registered mortgage
6 loan originators.

7 ~~(26)(27)~~ "Nontraditional mortgage product" means any mortgage product other than a 30-year, fixed-rate
8 mortgage.

9 ~~(27)(28)~~ "Person" means an individual, sole proprietorship, corporation, company, limited liability
10 company, partnership, limited liability partnership, trust, or association.

11 ~~(28)(29)~~ "Real estate brokerage activities" means activities that involve offering or providing real estate
12 brokerage services to the public, including:

13 (a) acting as a real estate salesperson or real estate broker for a buyer, seller, lessor, or lessee of real
14 property;

15 (b) bringing together parties interested in the sale, purchase, lease, rental, or exchange of real property;

16 (c) negotiating, on behalf of any party, any portion of a contract relating to the sale, purchase, lease,
17 rental, or exchange of real property other than in connection with providing financing with respect to the
18 transaction;

19 (d) engaging in any activity for which a person is required to be licensed as a real estate salesperson
20 or real estate broker under Montana law; or

21 (e) offering to engage in any activity or act in any capacity described in subsections ~~(28)(a)~~ (29)(a)
22 through ~~(28)(d)~~ (29)(d).

23 ~~(29)(30)~~ "Registered mortgage loan originator" means an individual who:

24 (a) meets the definition of mortgage loan originator and is an employee of:

25 (i) a depository institution;

26 (ii) a subsidiary that is owned and controlled by a depository institution and regulated by a federal banking
27 agency; or

28 (iii) an institution regulated by the farm credit administration; and

29 (b) is registered with and maintains a unique identifier through the nationwide mortgage licensing system
30 and registry.

1 ~~(30)~~(31) "Residential mortgage loan" means a loan primarily for personal, family, or household use
 2 secured by a mortgage, deed of trust, or other equivalent consensual security interest on a dwelling, ~~as defined~~
 3 ~~in section 103(v) of the Truth in Lending Act, 15 U.S.C. 1602(v)~~, or on residential real estate located in Montana.

4 ~~(34)~~(32) "Residential real estate" means any real property located in the state of Montana upon which
 5 is constructed a dwelling or upon which a dwelling is intended to be built within a 2-year period, subject to 24 CFR
 6 3500.5(b)(4). The borrower's intent to construct a dwelling is presumed unless the borrower has submitted a
 7 written, signed statement to the contrary.

8 ~~(32)~~(33) "Trust account" means a depository account with a financial institution that provides deposit
 9 insurance that is separate and distinct from any personal, business, or other account of the mortgage broker or
 10 the mortgage lender and that is maintained solely for the holding and payment of bona fide third-party fees.

11 (34) "Trust account funds" means money entrusted to a mortgage lender or mortgage broker during the
 12 origination of a mortgage loan for the payment of services provided by a bona fide third party, which does not
 13 include the services of a mortgage broker, mortgage lender, or mortgage loan originator. The term includes
 14 appraisal fees, credit report fees, and other fees required for the mortgage loan origination.

15 ~~(33)~~(35) "Ultimate equity owner" means an individual who, directly or indirectly, owns or controls an
 16 ownership interest in a corporation, a foreign corporation, an alien business organization, or any other form of
 17 business organization, regardless of whether the individual owns or controls an ownership interest, individually
 18 or in any combination, through one or more persons or one or more proxies, powers of attorney, nominees,
 19 corporations, associations, partnerships, trusts, joint-stock companies, or other entities or devices.

20 ~~(34)~~(36) "Unique identifier" means a number or other identifier assigned by protocols established by the
 21 nationwide mortgage licensing system and registry. (See compiler's comment regarding contingent suspension.)"

22

23 **Section 7.** Section 32-9-104, MCA, is amended to read:

24 **"32-9-104. Exemptions -- proof of exemption.** (1) The provisions of this part do not apply to:

25 (a) an entity that is an agency of the federal, state, or municipal government;

26 (b) an entity described in 32-9-103~~(29)(a)(i)~~(30)(a)(i) through ~~(29)(a)(iii)~~ (30)(a)(iii);

27 (c) a registered mortgage loan originator when acting for an entity described in
 28 32-9-103~~(29)(a)(i)~~(30)(a)(i) through ~~(29)(a)(iii)~~ (30)(a)(iii);

29 (d) an individual who offers or negotiates terms of a residential mortgage loan with or on behalf of an
 30 immediate family member of that individual;

1 (e) a person who offers, negotiates, or provides financing in conjunction with the sale of real property
2 owned by that person and that is secured by a contract for deed, mortgage, deed of trust, or other equivalent
3 security interest on the real property sold;

4 (f) a loan that is made by an entity to an employee of the entity if the proceeds of the loan are used to
5 assist the employee in meeting the employee's housing needs;

6 (g) an entity engaged solely in commercial real estate lending;

7 (h) an entity qualified as a pension plan under 26 U.S.C. 401 if the plan makes residential mortgages
8 only to the plan's participants;

9 (i) the federal national mortgage association, the federal home loan mortgage corporation, and the
10 government national mortgage association;

11 (j) a 501(c)(3) corporation, which is not otherwise engaged in or holding itself out to the public as being
12 engaged in the mortgage loan business, that makes mortgage loans to promote home ownership or
13 improvements for bona fide low-income individuals;

14 (k) a person that performs only real estate brokerage activities and is licensed or registered pursuant
15 to 37-51-301 unless the person is compensated by a mortgage lender, a mortgage broker, or a mortgage loan
16 originator or an agent of the mortgage lender, mortgage broker, or mortgage loan originator;

17 (l) a ~~licensed~~ Montana-licensed attorney who negotiates the terms of a residential mortgage loan on
18 behalf of a client as an ancillary matter to the attorney's representation of the client unless the attorney is
19 compensated by a mortgage lender, mortgage broker, or mortgage loan originator or any agent of the mortgage
20 lender, mortgage broker, or mortgage loan originator; or

21 (m) a ~~licensed~~ Montana-licensed certified public accountant or a ~~licensed~~ Montana-licensed public
22 accountant who negotiates the terms of a residential mortgage loan on behalf of a client as an ancillary matter
23 to providing public accounting services to the client unless the accountant is compensated by a mortgage lender,
24 a mortgage broker, or a mortgage loan originator or an agent of the mortgage lender, mortgage broker, or
25 mortgage loan originator.

26 ~~(2) The department or the secretary of housing and urban development may exempt from this part~~
27 ~~mortgage servicer loss mitigation specialists if the department or the secretary of housing and urban development~~
28 ~~determines by guideline, interpretation, or rule that an exemption of a mortgage servicer loss mitigation specialist~~
29 ~~is not in violation of the Secure and Fair Enforcement for Mortgage Licensing Act, Title V of the Housing and~~
30 ~~Economic Recovery Act, Public Law 110-289.~~

1 ~~(2)~~(2) The burden of proving an exemption under this section is on the person claiming the exemption.
 2 A person seeking an exemption under subsection (1)(a), (1)(b), (1)(c), (1)(f), (1)(h), (1)(j), (1)(l), or (1)(m) is
 3 required to obtain a written exemption from the department before the exemption applies. The department shall
 4 create a form for requesting an exemption. (See compiler's comment regarding contingent suspension.)

5 (3) A person who is exempt from licensure under subsection (1) may register on the nationwide
 6 mortgage licensing system as an exempt registrant for purposes of sponsoring a mortgage loan originator and
 7 for purposes of satisfying the mortgage loan originator bonding requirements."

8
 9 NEW SECTION. Section 8. Types of licenses. (1) The four types of licenses under this part are
 10 mortgage broker licenses, mortgage lender licenses, mortgage servicer licenses, and mortgage loan originator
 11 licenses.

12 (2) A mortgage broker license may be issued to an entity that meets the requirements of 32-9-112,
 13 32-9-113, 32-9-116, 32-9-117, 32-9-122, and 32-9-123 and employs at least one Montana-licensed mortgage
 14 loan originator.

15 (3) A licensee-owned mortgage broker entity license may be issued to an entity that meets the
 16 requirements of subsection (2) and is owned by a Montana-licensed mortgage loan originator.

17 (4) A mortgage lender license may be issued to an entity that meets the requirements of 32-9-112,
 18 32-9-113, 32-9-116, 32-9-117, 32-9-122, and 32-9-123 and employs at least one Montana-licensed mortgage
 19 loan originator.

20 (5) A mortgage servicer license may be issued to an entity that meets the requirements of 32-9-112,
 21 32-9-113, 32-9-117, and 32-9-123.

22 (6) A mortgage loan originator license may be issued to an individual who meets the requirements of
 23 32-9-107, 32-9-109, 32-9-110, 32-9-112, 32-9-116, and 32-9-117 and is sponsored by a Montana-licensed
 24 mortgage broker or mortgage lender.

25 (7) A Montana-licensed entity may have one or more branch offices if the entity meets the requirements
 26 of 32-9-122 and has paid the fee required under 32-9-117.

27 (8) Licenses under this part may not be assigned or transferred.

28
 29 **Section 9.** Section 32-9-105, MCA, is amended to read:
 30 "**32-9-105. ~~Overall licensing requirements~~ Nationwide mortgage licensing system and registry**

1 **for mortgage brokers, mortgage lenders, mortgage servicers, and mortgage loan originators.** (1) The
 2 department is ~~authorized to~~ may participate in the nationwide mortgage licensing system and registry and shall
 3 require mortgage lenders, mortgage brokers, mortgage servicers, and mortgage loan originators to apply for state
 4 licensure on applications approved by the nationwide mortgage licensing system and registry ~~by the dates set~~
 5 ~~forth in subsection (4).~~

6 (2) The department may establish requirements through rulemaking as necessary to comply with the
 7 nationwide mortgage licensing system and registry, including requirements:

8 (a) for payment of nonrefundable fees to apply for, maintain, and renew licenses through the nationwide
 9 mortgage licensing system and registry;

10 (b) for renewal or reporting dates;

11 (c) for procedures ~~for amending to amend~~ or ~~surrendering to surrender~~ a license; and

12 (d) ~~requirements~~ pertaining to any other activity necessary for participation in the nationwide mortgage
 13 licensing system and registry.

14 (3) The state portion of the licensing fees collected by the nationwide mortgage licensing system and
 15 registry under this section must be deposited into the department's account in the state special revenue fund to
 16 be used for administering this part.

17 ~~(4) In order to facilitate an orderly transition to licensing and minimize disruption in the mortgage~~
 18 ~~marketplace, the implementation date of subsection (1) is:~~

19 ~~—— (a) April 1, 2010, for all new applicants applying after July 1, 2009;~~

20 ~~—— (b) June 30, 2010, for all licensees with current licenses as of July 1, 2009; and~~

21 ~~—— (c) for mortgage servicer loss mitigation specialists, if not exempt under 32-9-104(2), a date as set by~~
 22 ~~the department by rule.~~

23 ~~—— (5) The provisions of this part apply to the activities of retail sellers of manufactured homes and~~
 24 ~~recreational vehicles to the extent determined by the United States department of housing and urban~~
 25 ~~development through guidelines, regulations, or interpretive letters. (See compiler's comment regarding~~
 26 ~~contingent suspension.)"~~

27

28 **Section 10.** Section 32-9-106, MCA, is amended to read:

29 **"32-9-106. Dual Simultaneous licensure.** An entity may be simultaneously licensed as a mortgage
 30 lender, mortgage servicer, and a mortgage broker ~~provided that~~ if the entity meets all requirements for licensure

1 ~~for each license type as a mortgage lender and a mortgage broker. (See compiler's comment regarding~~
2 ~~contingent suspension.)"~~

3

4 **Section 11.** Section 32-9-107, MCA, is amended to read:

5 **"32-9-107. Prelicensing education requirements for mortgage loan originators.** (1) An individual
6 seeking a mortgage loan originator's license shall complete at least 20 hours of approved education courses,
7 which must include at least:

8 (a) ~~at least~~ 3 hours of training on federal law and regulations;

9 (b) 3 hours of training in ethics, including instruction on fraud, consumer protection, and fair lending
10 issues; and

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

12 (2) The prelicensing education courses that comply with the requirements of subsection (1) and that are
13 approved by the nationwide mortgage licensing system and registry for any other state must be accepted with
14 respect to the completion of prelicensing education requirements in Montana.

15 ~~(3) If allowed by the nationwide mortgage licensing system and registry, the department is authorized~~
16 ~~to certify to the nationwide mortgage licensing system and registry that continuing education hours that were~~
17 ~~previously approved by the department have been completed by a mortgage loan originator. (See compiler's~~
18 ~~comment regarding contingent suspension.)"~~

19

20 **Section 12.** Section 32-9-112, MCA, is amended to read:

21 **"32-9-112. Application for mortgage broker, mortgage lender, mortgage servicer, and mortgage**
22 **loan originator license -- renewals.** (1) An applicant under this part shall apply for a state license ~~in~~ or renewal
23 of a license on a form prescribed by the department that complies with the requirements of the nationwide
24 mortgage licensing system and registry. Each form must contain content as set forth by the nationwide mortgage
25 licensing system and registry and may be changed or updated by the department as necessary to comply with
26 the nationwide mortgage licensing system and registry.

27 (2) The department may establish a relationship or contract with the nationwide mortgage licensing
28 system and registry or another entity designated by the nationwide mortgage licensing system and registry to
29 collect and maintain records and process transaction fees or other fees related to licensees or other persons
30 subject to this part.

1 (3) An applicant for a license or license renewal shall furnish information to the nationwide mortgage
2 licensing system and registry concerning the applicant's identity, including but not limited to:

3 (a) fingerprints for submission to the federal bureau of investigation and any governmental agency or
4 entity authorized to receive information for a state, national, and international criminal history background check;

5 ~~(b) legal name, birth date, and social security number for submission to the criminal investigation bureau
6 of the Montana department of justice as authorized for a state criminal history background check; and~~

7 ~~(c)~~(b) personal history and experience in a form prescribed by the nationwide mortgage licensing system
8 and registry, including submission of authorization for the nationwide mortgage licensing system and registry and
9 the department to obtain:

10 (i) an independent credit report from a consumer reporting agency described in section 603(p) of the Fair
11 Credit Reporting Act, 15 U.S.C. 1681a(p); and

12 (ii) information related to administrative, civil, or criminal findings by a governmental jurisdiction.

13 (4) To reduce the points of contact that the federal bureau of investigation may be required to maintain
14 for purposes of subsection (3), the department may use the nationwide mortgage licensing system and registry
15 as a channeling agent for requesting information from and distributing information to the United States department
16 of justice or other governmental agencies.

17 (5) To reduce the points of contact that the department may be required to maintain for purposes of
18 subsection (3), the department may use the nationwide mortgage licensing system and registry as a channeling
19 agent for requesting and distributing information to and from any source directed by the department.

20 (6) The department shall issue a license to an applicant that has met all the requirements of this section,
21 has paid the fee required under 32-9-117, and is not determined ineligible under 32-9-120. (See compiler's
22 comment regarding contingent suspension.)"

23

24 **Section 13.** Section 32-9-113, MCA, is amended to read:

25 **"32-9-113. Application for licensure license -- renewal.** In order for an entity to be considered for a
26 state ~~licensure~~ license or license renewal, each of the following is required to independently meet the
27 requirements established in 32-9-120(1)(a) through ~~(1)(d)~~ (1)(c) and (1)(g):

28 (1) ultimate equity owners of 25% or more of the applicant if the equity owners are individuals;

29 (2) control persons of the applicant if the control persons are individuals; and

30 (3) individuals that control, directly or indirectly, the election of 25% or more of the members of the board

1 of directors of the entity. (See compiler's comment regarding contingent suspension.)"

2

3 **Section 14.** Section 32-9-116, MCA, is amended to read:

4 **"32-9-116. Employment of mortgage loan originator.** (1) A mortgage loan originator may transact
5 business ~~only for an~~ only one employing mortgage broker or one employing mortgage lender licensed in
6 accordance with the provisions of this part. ~~Each original license issued to a mortgage loan originator must be~~
7 ~~provided to and maintained by the employing mortgage broker or employing mortgage lender at the employing~~
8 ~~licensee's main office. A copy of the mortgage loan originator's license must be displayed at the office where that~~
9 ~~mortgage loan originator principally transacts business.~~

10 (2) If the employment of a mortgage loan originator is terminated, the mortgage broker or the mortgage
11 lender shall ~~return the mortgage loan originator's license to the department within 5 business days after the~~
12 ~~termination and~~ remove sponsorship of the mortgage loan originator on the nationwide mortgage licensing system
13 and registry within 5 business days of the termination. The mortgage loan originator's license must be placed
14 in "Approved-Inactive" status until the license is sponsored by a mortgage broker or mortgage lender. If at the
15 end of the next renewal period the license is not sponsored by a mortgage broker or mortgage lender, it must be
16 automatically placed in "Terminated-Expired" status for failure to renew. ~~For a period of 6 months after the~~
17 ~~termination of employment, the mortgage loan originator may request the transfer of the license to another~~
18 ~~mortgage broker or mortgage lender by complying with the nationwide mortgage licensing system and registry~~
19 ~~procedures and paying a fee established by the department by rule. The removal of sponsorship of the license~~
20 ~~of any mortgage loan originator that is not transferred to another mortgage broker or mortgage lender terminates~~
21 ~~extinguishes~~ the right of the mortgage loan originator to engage in any residential mortgage loan origination
22 activity until nationwide mortgage licensing system and registry procedures have been followed to sponsor the
23 license. ~~The license of any mortgage loan originator that has been removed from sponsorship and not transferred~~
24 ~~within 6 months of termination of employment must be canceled.~~ (See compiler's comment regarding contingent
25 suspension.)"

26

27 **Section 15.** Section 32-9-117, MCA, is amended to read:

28 **"32-9-117. Fees -- license renewal -- disposition of fees.** (1) (a) ~~Except as provided in subsection~~
29 ~~(1)(b), an~~ An entity seeking licensure as a mortgage broker shall pay through the nationwide mortgage licensing
30 system and registry an initial nonrefundable license application fee of \$500 and an additional application fee of

1 \$250 for any branch ~~location~~ office. A mortgage loan originator shall pay through the nationwide mortgage
 2 licensing system and registry an initial nonrefundable license application fee of \$400. An entity seeking licensure
 3 as a mortgage lender shall pay through the nationwide mortgage licensing system and registry an initial
 4 nonrefundable license application fee of \$750 and an additional application fee of \$250 for any branch ~~location~~
 5 office. ~~An applicant shall pay one-half of these initial nonrefundable license application fees for any license period~~
 6 ~~of less than 6 months.~~ An entity seeking licensure as a mortgage servicer shall pay through the nationwide
 7 mortgage licensing system and registry an initial nonrefundable license application fee of \$750 and an additional
 8 nonrefundable application fee of \$250 for each branch office.

9 (b) ~~An individual who is seeking licensure as a mortgage loan originator and who is the owner of an entity~~
 10 ~~that is seeking licensure as a mortgage broker~~ A mortgage broker entity owned by a Montana-licensed mortgage
 11 loan originator shall pay a single initial nonrefundable through the nationwide mortgage licensing system and
 12 registry an initial nonrefundable license application fee of ~~\$500~~ \$100.

13 (2) The license of a mortgage broker, mortgage lender, mortgage servicer, or mortgage loan originator
 14 is valid for up to a 1-year period and expires on December 31. A state licensee shall submit a renewal application
 15 and pay to the nationwide mortgage licensing system and registry a renewal fee in an amount set by the
 16 department by rule. The department shall establish by rule the requirements for renewal applications. ~~The~~
 17 ~~department shall establish a single renewal fee for individuals and entities described in subsection (1)(b).~~ ~~An~~
 18 ~~individual described in subsection (1)(b) may act as a designated manager under 32-9-122 and is not subject to~~
 19 ~~any additional license fees for acting in the capacity of a designated manager.~~ The fees set by the department
 20 must be commensurate with the costs of the program. ~~Failure to submit~~ If the required information or fees are
 21 not submitted within the time prescribed, ~~means~~ the license will automatically ~~expires~~ be placed in
 22 "Terminated-Expired" status. The department may adopt procedures for reinstatement of expired licenses that
 23 are consistent with the standards established by the nationwide mortgage licensing system and registry.

24 (3) An application for renewal of a mortgage loan originator license must be accompanied by evidence
 25 that the continuing education requirements provided for in 32-9-118 have been met and that there has not been
 26 a material change in the status of the licensee in the preceding 12 months. An application for renewal also must
 27 demonstrate that the licensee continues to meet the standards for licensure under this part and that the licensee
 28 has paid all fees for renewal of the license.

29 (4) The state portion of the fees collected under this section must be deposited in the department's state
 30 special revenue fund to be used by the department in administering the provisions of this part.

1 (5) An applicant for a mortgage broker, mortgage lender, mortgage servicer, or mortgage loan originator
 2 license renewal shall apply for state licensure on an application form approved by the nationwide mortgage
 3 licensing system and registry. (See compiler's comment regarding contingent suspension.)"

4

5 **Section 16.** Section 32-9-118, MCA, is amended to read:

6 **"32-9-118. Continuing education requirements for mortgage loan originators.** (1) All mortgage loan
 7 originators shall complete and submit to the nationwide mortgage licensing system and registry evidence of at
 8 least ~~42~~ 8 hours of continuing education every year at the time they submit their license renewal applications. The
 9 ~~42~~ 8 hours of continuing education must be obtained in ~~an~~ approved education ~~course~~ courses.

10 (2) The ~~42~~ 8 hours of education must include at least:

11 (a) 3 hours of training on federal laws and regulations;

12 (b) 2 hours of training in ethics, including instruction on fraud prevention, consumer protection, and fair
 13 lending issues; and

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

15 (3) A person who has successfully completed the education requirements that comply with the
 16 requirements of ~~subsection~~ subsections (1) and (2) and that are approved by the nationwide mortgage licensing
 17 system and registry for any other state must be given credit toward completion of continuing education
 18 requirements in Montana.

19 (4) Except as provided in subsection (6), a licensed mortgage loan originator may receive credit for a
 20 continuing education course only in the year in which the course is taken and may not take the same approved
 21 course in the same or successive years to meet the annual requirements for continuing education.

22 (5) A licensed mortgage loan originator who is an approved instructor of an approved continuing
 23 education course may receive credit for the licensed mortgage loan originator's own annual continuing education
 24 requirement at the rate of 2 hours credit for every 1 hour taught.

25 ~~(4)~~(6) A licensed mortgage loan originator who subsequently becomes unlicensed shall complete the
 26 continuing education requirements for the last year in which the license was held prior to issuance of a new or
 27 renewed license. The continuing education requirements of this subsection are not subject to the provisions of
 28 subsection (4). (See compiler's comment regarding contingent suspension.)"

29

30 **Section 17.** Section 32-9-120, MCA, is amended to read:

1 **"32-9-120. Denial of mortgage broker, mortgage lender, mortgage servicer, or mortgage loan**
 2 **originator license application or license renewal.** (1) The department may not issue or renew any mortgage
 3 broker, mortgage lender, mortgage servicer, or mortgage loan originator license if any of the following facts are
 4 found during the application procedure:

5 (a) the applicant has ever had a mortgage broker, mortgage lender, mortgage servicer, or mortgage loan
 6 originator license or ~~their~~ an equivalent license revoked in any governmental jurisdiction. A subsequent formal
 7 vacation of a revocation means that the revocation may not be considered a revocation. The department may by
 8 order vacate a revocation of a license and enter an appropriate order.

9 (b) the applicant has been convicted of or pled guilty or nolo contendere to a felony in a domestic,
 10 foreign, or military court during the 7-year period preceding the date of the application for licensing or renewal
 11 or at any time preceding the date of application if the felony involved an act of fraud, dishonesty, a breach of trust,
 12 or money laundering. The pardon of a conviction is not a conviction for the purposes of this subsection (1)(b).

13 (c) the applicant has failed to demonstrate financial responsibility, character, and general fitness to
 14 command the confidence of the community and to warrant a determination that the mortgage broker, mortgage
 15 lender, mortgage servicer, or mortgage loan originator will operate honestly, fairly, and efficiently within the
 16 purposes of this section;

17 (d) the applicant has not ~~met~~ provided the surety bond ~~or net worth requirement~~ as required pursuant
 18 to 32-9-123;

19 (e) the applicant has not completed the prelicensing education requirement described in 32-9-107;

20 (f) the applicant has not passed a written test that meets the test requirements described in 32-9-110;

21 (g) the applicant made a material misstatement of fact or material omission of fact in the application.

22 (2) The department shall determine that the applicant has demonstrated the qualities of financial
 23 responsibility, character, and general fitness referred to in subsection (1)(c) if all other requirements for licensure
 24 under this section have been satisfied and the department's investigation does not reveal a specific problem on
 25 the applicant's part with respect to subsection (1)(c). (See compiler's comment regarding contingent suspension.)"

26

27 **Section 18.** Section 32-9-121, MCA, is amended to read:

28 **"32-9-121. Records maintenance -- advertising requirement.** (1) Licensees shall maintain books,
 29 accounts, records, and copies of residential mortgage loan files and trust account or escrow account records that
 30 are necessary to enable the department to determine whether a licensee is in compliance with the applicable laws

1 and rules. The materials must be maintained in accordance with generally accepted accounting principles and
 2 good business practices. Each office location must have at least one phone line. Whenever a licensee's usual
 3 business location is outside of this state the licensee shall, at its election, either maintain its books and records
 4 at a location in this state or reimburse the department for expenses incurred, including but not limited to staff time,
 5 transportation, food, and lodging expenses, relating to an examination or investigation under this part.

6 (2) A mortgage broker, ~~or mortgage lender, or mortgage servicer~~ shall maintain a residential mortgage
 7 file for a minimum of 5 years from the date of the last activity pertaining to the file. A mortgage broker, ~~or~~
 8 mortgage lender, ~~or mortgage servicer~~ shall maintain trust account or escrow account records for a minimum of
 9 5 years.

10 (3) An entity that ceases operation as a licensee under the provisions of this part shall:

11 (a) 30 days prior to the discontinuance of business, notify the department of the physical location where
 12 required records will be preserved; and

13 (b) designate a custodian of records and notify the department of the name, physical address, electronic
 14 mail address, and telephone number of the custodian of records. The custodian of records shall preserve records
 15 required under this part and allow the department access for examination and investigation purposes upon
 16 request of the department.

17 (4) The department shall adopt rules to control the maintenance, storage, transfer, and destruction of
 18 records after a licensee ceases operation.

19 ~~(3)~~(5) (a) In any printed, published, e-mail, or internet advertisement for the provision of services, the
 20 following information must be included:

21 (i) a name and ~~license number~~ unique identifier for each mortgage broker, mortgage lender, mortgage
 22 servicer, or mortgage loan originator advertising as an individual; or

23 (ii) the name and ~~license number~~ unique identifier only of the licensed entity when the licensed entity is
 24 advertising on its own behalf or as an entity with one or more mortgage brokers, mortgage lenders, mortgage
 25 servicers, or mortgage loan originators also listed.

26 (b) For the purposes of this subsection ~~(3)~~ (5), advertising does not include stationery or business forms
 27 but does include business cards. A business card must include a mortgage broker's, a mortgage lender's, a
 28 mortgage servicer's, or a mortgage loan originator's ~~license number~~ unique identifier but is not required to list the
 29 entity's ~~license number~~ unique identifier if the entity's name is listed. (See compiler's comment regarding
 30 contingent suspension.)"

1

2 **Section 19.** Section 32-9-122, MCA, is amended to read:

3 **"32-9-122. Designated manager and branch office license requirements.** (1) A mortgage broker,
4 ~~or mortgage lender, or mortgage servicer~~ entity shall apply for a license for a main office and for every branch
5 office through the nationwide mortgage licensing system and registry and maintain a unique identifier.

6 (2) A mortgage broker entity shall designate to the nationwide mortgage licensing system and registry
7 an individual who is licensed by this state as a mortgage loan originator to serve as the designated manager of
8 the main office and a separate designated manager to serve at each branch ~~location~~ office.

9 (3) A mortgage lender entity shall designate to the nationwide mortgage licensing system and registry
10 for each office that originates a residential mortgage loan an individual who is licensed as a mortgage loan
11 originator as the designated manager of the main office and shall designate a separate designated manager to
12 serve each branch ~~location~~ office that originates a residential mortgage loan.

13 (4) A designated manager must have 3 years of experience as either a mortgage loan originator or a
14 registered mortgage loan originator.

15 (5) A designated manager is responsible for the operation of the business at the location under the
16 designated manager's full charge, supervision, and control.

17 (6) A mortgage broker or mortgage lender entity is responsible for the conduct of a designated manager
18 or mortgage loan originator while the designated manager or mortgage loan originator is employed by the
19 mortgage broker or mortgage lender entity, including for violations of federal laws and regulations that are
20 applicable to the origination of residential mortgage loans, violations of this part, and violations of any
21 administrative rule adopted pursuant to this part.

22 (7) A designated manager is responsible for conduct that violates federal laws and regulations that are
23 applicable to the origination of residential mortgage loans, violations of this part, and violations of any
24 administrative rule adopted pursuant to this part. The designated manager's responsibility includes conduct by
25 the designated manager and each mortgage loan originator employed by the entity while the designated manager
26 is employed at the location that the designated manager manages.

27 (8) If the designated manager ceases to act in that capacity, within 15 days the mortgage broker or
28 mortgage ~~loan originator~~ lender shall designate another individual licensed as a mortgage ~~broker~~ loan originator
29 as designated manager and shall submit information to the nationwide mortgage licensing system and registry
30 establishing that the subsequent designated manager is in compliance with the provisions of this part.

1 (9) If the employment of a designated manager is terminated, the mortgage broker or mortgage lender
 2 shall ~~return the designated manager's license to the department within 5 business days of the termination and~~
 3 remove the sponsorship of the designated manager on the nationwide mortgage licensing system and registry
 4 within 5 business days of the termination.

5 (10) A mortgage servicer is responsible for the acts and omissions of its employees, agents, and
 6 independent contractors acting in the course and scope of their employment, agency, or contract. (See compiler's
 7 comment regarding contingent suspension.)"

8

9 **Section 20.** Section 32-9-123, MCA, is amended to read:

10 **"32-9-123. Surety bond ~~or net worth requirement -- notice of legal action.~~** (1) (a) A mortgage loan
 11 originator must be covered by a surety bond in accordance with this section. If a mortgage loan originator is an
 12 employee of ~~or exclusive agent for~~ a licensed mortgage lender or mortgage broker, the surety bond of the
 13 licensed mortgage lender or mortgage broker may be used in lieu of a mortgage loan originator's surety bond.

14 (b) The bond must run to the state of Montana as obligee and must run first to the benefit of the borrower
 15 and then to the benefit of the state and any person who suffers loss by reason of the obligor's or its loan
 16 originator's violation of any provision of this part or rules adopted under this part. The department shall use the
 17 proceeds of the surety bonds to reimburse borrowers, the department, or bona fide third parties who successfully
 18 demonstrate a financial loss because of an act of a mortgage broker, mortgage lender, or mortgage loan
 19 originator that violates ~~the provisions~~ any provision of this part.

20 (2) (a) ~~A~~ An entity licensed as a mortgage broker, or mortgage lender, and mortgage servicer is required
 21 to maintain one surety bond for each entity license.

22 (b) The amount of the required surety bond must be calculated by combining the annual loan production
 23 amounts for all persons originating residential mortgage loans and for all business locations of the mortgage
 24 broker or mortgage lender and must be in the following amount:

- 25 (i) \$25,000 for a combined annual loan production that does not exceed \$50 million a year;
 26 (ii) \$50,000 for annual loan production of \$50 million but not exceeding \$100 million a year; or
 27 (iii) \$100,000 for annual loan production of more than \$100 million a year.

28 (c) The amount of the required surety bond for a mortgage servicer is \$100,000.

29 ~~(3) (a) In lieu of a surety bond, a mortgage broker may meet a minimum net worth requirement.~~

30 ~~(b) Minimum net worth must be maintained in an amount determined by the department that reflects the~~

1 dollar amount of loans originated.

2 ~~——— (c) The department shall adopt rules with respect to the requirements for minimum net worth as are~~
3 ~~necessary to accomplish the purposes of this part.~~

4 ~~——— (4) Evidence that a mortgage broker is approved by the department of housing and urban development~~
5 ~~to originate loans insured by the federal housing administration must be considered as satisfying the net worth~~
6 ~~requirement provided that the actual net worth determined in the department of housing and urban development's~~
7 ~~approval is equivalent to the bond amount set forth for the corresponding dollar amount range set forth in~~
8 ~~subsections (2)(b)(i) through (2)(b)(iii).~~

9 ~~(5)(3) A mortgage broker, mortgage lender, mortgage servicer, or mortgage loan originator shall give~~
10 ~~notice to the department by certified mail within 15 days of the mortgage ~~broker's~~ broker, mortgage lender's~~
11 ~~lender, mortgage servicer, or mortgage loan ~~originator's~~ originator obtaining knowledge of the initiation of an~~
12 ~~investigation or the entry of a judgment in a criminal or civil action. The notice must be given if the investigation~~
13 ~~or the legal action is in any state and involves a mortgage broker, a mortgage lender, a mortgage servicer, a~~
14 ~~mortgage loan originator, or anyone having an ownership interest in a mortgage broker entity, a mortgage lender~~
15 ~~entity, or a mortgage loan originator mortgage servicer entity. In the case of a legal action, the notice must include~~
16 ~~a copy of the criminal or civil judgment.~~

17 ~~(4) (a) An obligor shall give written notice to the department of any action that may be brought against~~
18 ~~it by any creditor or borrower when the action:~~

19 ~~(i) is brought under this part;~~

20 ~~(ii) involves a claim against the bond filed with the department for the purposes of compliance with this~~
21 ~~section; or~~

22 ~~(iii) involves a claim for damages in excess of \$20,000 for a mortgage broker or mortgage loan originator~~
23 ~~or \$200,000 for a lender or servicer.~~

24 ~~(b) An obligor shall give written notice to the department of any judgment that may be entered against~~
25 ~~it by any creditor or any borrower or prospective borrower.~~

26 ~~(c) The written notice must provide details sufficient to identify the action or judgment and must be~~
27 ~~submitted within 30 days after the commencement of any action or within 30 days after the entry of any judgment.~~

28 ~~(5) A corporate surety shall, within 10 days after it pays any claim or judgment to any claimant, give~~
29 ~~written notice to the department of the payment with details sufficient to identify the claimant and the claim or~~
30 ~~judgment paid. Whenever the principal sum of a required bond is reduced by one or more recoveries or payments~~

1 on the bond, the obligor shall furnish a new or additional bond so that the total or aggregate principal sum of the
2 bond or bonds equals the sum required under this section or the obligor shall furnish an endorsement duly
3 executed by the corporate surety reinstating the bond to the required principal sum.

4 (6) A bond filed with the department for the purpose of compliance with this section may not be canceled
5 by the obligor or the corporate surety except upon written notice to the department. The cancellation may not
6 take effect until 30 days after receipt by the department of the notice. The cancellation is effective only with
7 respect to any occurrence after the effective date of the cancellation. (See compiler's comment regarding
8 contingent suspension.)"

9

10 **NEW SECTION. Section 21. Reports.** (1) A licensee shall file a written report with the department
11 within 30 business days of any material change to the information provided in a licensee's application.

12 (2) A licensee shall file a written report with the department within 1 business day after the licensee has
13 reason to know of the occurrence of any of the following:

14 (a) the filing of a petition by or against the licensee under the United States Bankruptcy Code, 11 U.S.C.
15 101, et seq., for bankruptcy or reorganization;

16 (b) the filing of a petition by or against the licensee for receivership, the commencement of any other
17 judicial or administrative proceeding for the licensee's dissolution or reorganization, or the making of a general
18 assignment for the benefit of the licensee's creditors;

19 (c) the licensee's decision to cease doing business for any reason;

20 (d) the commencement of a proceeding to revoke or suspend the licensee's license in a state in which
21 the licensee engages in business or is licensed;

22 (e) the cancellation or other impairment of the licensee's or an exempt company's bond; or

23 (f) a felony conviction of the licensee, employee of a licensee, or control person of a licensee.

24 (3) A licensee shall file a written report with the department within 15 business days after the licensee
25 has reason to know of the occurrence of any of the following:

26 (a) fraud, theft, or conversion by a borrower against the licensee;

27 (b) fraud, theft, or conversion by a licensee; or

28 (c) fraud, theft, or conversion by an employee or independent contractor of a licensee;

29 (d) violation of a provision of 32-9-124;

30 (e) the discharge of any employee or termination of an independent contractor for dishonest or fraudulent

1 acts; or

2 (f) any administrative, civil, or criminal action initiated against the licensee or any of its control persons
3 by any government entity.

4 (4) (a) In the absence of malice, fraud, or bad faith, a person may not be subjected to civil liability arising
5 from the filing of a complaint with the department or furnishing of other information required by this section or
6 required by the department under the authority granted in this section.

7 (b) In the absence of malice, fraud, or bad faith, a civil cause of action of any nature may not be brought
8 against a person for any information:

9 (i) relating to suspected prohibited acts and furnished to or received from law enforcement officials, their
10 agents, or employees or furnished to or received from other regulatory or licensing authorities;

11 (ii) furnished to or received from other persons subject to the provisions of this part; or

12 (iii) furnished in complaints filed with the department.

13

14 **NEW SECTION. Section 22. Change of control.** (1) Without the prior approval of the department, it
15 is unlawful for an action to be taken that results in a change of control of an entity licensed under this part. Prior
16 to a change of control of a licensed entity, a person seeking to acquire control shall apply for an amendment to
17 the license or a new license as required by the nationwide mortgage licensing system and pay all applicable fees.

18 (2) The department shall approve or disapprove the application for an amendment or new license in
19 accordance with the provisions of this part.

20

21 **Section 23.** Section 32-9-124, MCA, is amended to read:

22 **"32-9-124. Prohibitions -- required disclosure.** (1) A mortgage broker, mortgage lender, mortgage
23 servicer, or mortgage loan originator may not do any of the following:

24 (a) retain original documents owned by the borrower and submitted in connection with the loan
25 application;

26 (b) directly or indirectly employ any scheme to defraud or mislead a borrower, a mortgage lender, or any
27 other person;

28 (c) make any misrepresentation or deceptive statement in connection with a residential mortgage loan,
29 including but not limited to interest rates, points, costs at closing, or other financing terms or conditions;

30 (d) fail to pay a bona fide third party ~~later than~~ within 30 days after recording of the loan closing

1 documents or within 90 days after completion of the bona fide third-party service, whichever is earlier, unless
2 otherwise agreed by the parties;

3 (e) accept any fees or compensation at closing that were not disclosed as required by state or federal
4 law;

5 (f) accept any fees or compensation in excess of those allowed by state or federal law;

6 (g) sign a borrower's application or related documents on behalf of or in lieu of another mortgage broker,
7 mortgage lender, or mortgage loan originator;

8 (h) (i) assist or aid and abet any person in the conduct of business under this part without a valid license
9 as required under this part; or

10 (ii) conduct any business covered by the provisions of the Secure and Fair Enforcement for Mortgage
11 Licensing Act, Title V of the Housing and Economic Recovery Act of 2008, Public Law 110-289, without holding
12 a valid license as required under this part;

13 (i) fail to comply with this part or rules promulgated under this part or fail to comply with any other state
14 or federal laws, including the rules and regulations adopted pursuant to those laws, applicable to any business
15 authorized by or conducted under this part;

16 (j) fail to account for or deliver to any person any funds, documents, or other thing of value obtained in
17 connection with a mortgage loan that the mortgage lender, mortgage broker, mortgage servicer, or mortgage loan
18 originator is not entitled to retain under the circumstances;

19 (k) refuse to permit an investigation or examination of the mortgage lender's, mortgage broker's,
20 mortgage servicer's, or mortgage loan originator's books and records or refuse to comply with a department
21 subpoena or subpoena duces tecum;

22 (l) knowingly withhold, abstract, remove, mutilate, destroy, alter, or keep secret any books, records,
23 computer records, or other information from the department; or

24 ~~(j)(m)~~ negligently make any false statement or knowingly and willfully make any omission of material fact
25 in connection with any information or reports filed with a government agency or the nationwide mortgage licensing
26 system and registry or in connection with any investigation conducted by the department or another governmental
27 agency.

28 ~~(2) A mortgage lender may not do any of the following:~~

29 ~~— (a) cause or require a borrower to obtain property insurance coverage in an amount that exceeds the~~
30 ~~replacement cost of the improvements as established by the property insurer;~~

- 1 ~~—— (b) disburse the mortgage loan proceeds to a closing agent in any form other than, as applicable:~~
2 ~~—— (i) direct deposit to a borrower's account;~~
3 ~~—— (ii) wire;~~
4 ~~—— (iii) bank or certified check;~~
5 ~~—— (iv) attorney's check drawn on a trust account; or~~
6 ~~—— (v) other form as specifically authorized by applicable law;~~
7 ~~—— (c) disburse the proceeds of a mortgage loan without sufficient collected funds on hand at the time of~~
8 ~~the disbursement in the account upon which the funds are drawn;~~
9 ~~—— (d) fail to disburse funds in accordance with a loan commitment to make a mortgage loan that was~~
10 ~~accepted by the borrower;~~
11 ~~—— (e) fail to take the actions required to effect a release of the lender's security interest in the property as~~
12 ~~described in 71-1-212;~~
13 ~~—— (f) advertise that a mortgage applicant will have unqualified access to credit without disclosing what~~
14 ~~material limitations on the availability of credit exist, such as the percentage of down payment required, that a~~
15 ~~higher rate or points could be required, or that restrictions as to the maximum principal amount of the mortgage~~
16 ~~loan offered could apply;~~
17 ~~—— (g) advertise a mortgage loan for which a prevailing rate is indicated in the advertisement unless the~~
18 ~~advertisement specifically states that the expressed rate could change or not be available at commitment or~~
19 ~~closing;~~
20 ~~—— (h) advertise mortgage loans, including rates, margins, discounts, points, fees, commissions, or other~~
21 ~~material information, including material limitations on mortgage loans, unless the person is able to make~~
22 ~~advertised mortgage loans to a reasonable number of qualified applicants; or~~
23 ~~—— (i) falsely advertise or misuse names in violation of 18 U.S.C. 709.~~

24 ~~(3)(2)~~ Prior to providing residential mortgage services to a borrower, Within 3 business days of taking
25 an application, the mortgage loan originator working for a mortgage broker, in addition to other disclosures
26 required by this part, ~~subsection (3)~~, and other state and federal laws, shall provide to the borrower a written
27 disclosure containing substantially the following language, which must be signed by the borrower:

28 "MORTGAGE LOAN ORIGINATION DISCLOSURE

29 (Name of licensee) is a licensed mortgage loan originator in Montana authorized to provide mortgage
30 loan origination services to you in connection with your real estate loan. Lenders whose loan products we

1 distribute generally provide their loan products to us at a wholesale rate. The rate you pay may be higher.

2 SECTION 1. NATURE OF RELATIONSHIP. In connection with this mortgage loan:

3 (1) (name of licensee) is acting as an independent contractor and not as your agent;

4 (2) (name of licensee) enters into separate independent contractor agreements with various lenders; and

5 (3) while (name of licensee) seeks to assist you in meeting your financial needs, (name of licensee) does
6 not distribute products of all lenders or investors in the market and cannot guarantee the lowest price or best
7 terms available.

8 SECTION 2. OUR COMPENSATION.

9 (1) The retail price (name of licensee) offers you, including the interest rate, total points, and fees, will
10 include (name of licensee's) compensation.

11 (2) In some cases, (name of licensee) may be paid all of (name of licensee's) compensation by either
12 you or the lender.

13 (3) Alternatively, (name of licensee) may be paid a portion of (name of licensee's) compensation by both
14 you and the lender. For example, in some cases, if you would rather pay a lower interest rate, you may pay more
15 money in upfront points and fees. Also, in some cases, if you would rather pay less money up front, you may be
16 able to pay some or all of our compensation indirectly through a higher interest rate, in which case (name of
17 licensee) will be paid directly by the lender.

18 (4) (Name of licensee) may also be paid by the lender based on the value of the mortgage loan or related
19 servicing rights in the market place or based on other services, goods, or facilities performed or provided by
20 (name of licensee) to the lender.

21 By signing below, you acknowledge that you have received a copy of this disclosure."

22 ~~(4)~~(3) The disclosure must include the address of the department's division of banking and financial
23 institutions, the division's phone number and website, and a statement informing borrowers that the division can
24 provide information about whether a mortgage broker or mortgage loan originator is licensed as well as other
25 legally available information.

26 ~~(5)~~(4) The disclosure must include the ~~state license number and the~~ unique identifier issued by the
27 nationwide mortgage licensing system and registry for the mortgage loan originator. (See compiler's comment
28 regarding contingent suspension.)"

29

30 NEW SECTION. **Section 24. Mortgage lender prohibitions.** A mortgage lender may not:

- 1 (1) cause or require a borrower to obtain property insurance coverage in an amount that exceeds the
2 replacement cost of the improvements as established by the property insurer;
- 3 (2) disburse the mortgage loan proceeds to a closing agent in any form other than, as applicable:
4 (a) direct deposit to a borrower's account;
5 (b) wire transfer;
6 (c) bank or certified check;
7 (d) attorney's check drawn on a trust account; or
8 (e) other form as specifically authorized by applicable law;
- 9 (3) disburse the proceeds of a mortgage loan without sufficient collected funds on hand at the time of
10 the disbursement in the account upon which the funds are drawn;
- 11 (4) fail to disburse funds in accordance with a loan commitment to make a mortgage loan that was
12 accepted by the borrower;
- 13 (5) fail to take the actions required to effect a release of the lender's security interest in the property as
14 described in 71-1-212;
- 15 (6) advertise that a mortgage applicant will have unqualified access to credit without disclosing what
16 material limitations on the availability of credit exist, such as the percentage of downpayment required, that a
17 higher rate or points could be required, or that restrictions as to the maximum principal amount of the mortgage
18 loan offered could apply;
- 19 (7) advertise a mortgage loan for which a prevailing rate is indicated in the advertisement unless the
20 advertisement specifically states that the expressed rate could change or not be available at commitment or
21 closing;
- 22 (8) advertise mortgage loans, including rates, margins, discounts, points, fees, commissions, or other
23 material information, including material limitations on mortgage loans, unless the person is able to make
24 advertised mortgage loans to a reasonable number of qualified applicants; or
- 25 (9) falsely advertise or misuse names in violation of 18 U.S.C. 709 or 32-1-402.

26

27 **NEW SECTION. Section 25. Mortgage servicer prohibitions.** A mortgage servicer may not:

- 28 (1) fail to comply with the mortgage loan servicing transfer, escrow account administration, or borrower
29 inquiry response requirements imposed by the Real Estate Settlement Procedures Act of 1974, 12 U.S.C. 2601,
30 et seq., and regulations adopted under that act;

1 (2) fail to comply with applicable state and federal laws and regulations related to mortgage servicing;

2 (3) fail to provide written notice to a borrower upon taking action to place hazard, homeowner's, or flood
3 insurance on the mortgaged property or to place the insurance when the mortgage servicer knows or has reason
4 to know that there is insurance in effect;

5 (4) place hazard, homeowner's, or flood insurance on a mortgaged property for an amount that exceeds
6 either the value of the insurable improvements or the last known coverage amount of insurance;

7 (5) fail to provide to the borrower a refund of unearned premiums paid by a borrower or charged to the
8 borrower for hazard, homeowner's, or flood insurance placed by a mortgage lender or mortgage servicer if the
9 borrower provides reasonable proof that the borrower has obtained coverage so that the forced placement is no
10 longer necessary and the property is insured. If the borrower provides reasonable proof within 12 months of the
11 placement that no lapse in coverage occurred so that the forced placement was not necessary, the mortgage
12 servicer shall refund the entire premium.

13 (6) fail to make all payments from any escrow account held for the borrower for insurance, taxes, and
14 other charges with respect to the property in a timely manner so as to ensure that late penalties are not assessed
15 or other negative consequences result regardless of whether the loan is delinquent unless there are not sufficient
16 funds in the account to cover the payments and the mortgage servicer has a reasonable basis to believe that
17 recovery of the funds will not be possible.

18

19 **Section 26.** Section 32-9-125, MCA, is amended to read:

20 **"32-9-125. Trust accounts -- bona fide third-party fees.** (1) Every mortgage broker and mortgage
21 lender that accepts borrower funds for bona fide third-party fees ~~doing business in this state~~ shall:

22 (a) maintain a trust account at a federally insured financial institution, and the trust account funds may
23 not be commingled with any other funds of the mortgage broker or mortgage lender;

24 (b) deposit into the trust account any bona fide third-party fee that the mortgage broker or mortgage
25 lender receives; and

26 (c) pay third-party fees to a bona fide third party from the trust account unless the borrower, the seller,
27 or another person involved in the transaction pays ~~is contractually bound to pay~~ the bona fide third party directly.

28 (2) A mortgage broker or mortgage lender may not charge or receive, directly or indirectly, fees for
29 assisting a borrower in obtaining a mortgage until all of the services that the mortgage broker or mortgage lender
30 has agreed to perform for the borrower are completed. A mortgage broker or mortgage lender may not charge

1 a residential loan application fee in excess of the amount allowed by federal law. Prior to completion of services,
2 the fees provided for in subsection (3) incurred by a bona fide third party in assisting the borrower to obtain a
3 mortgage must be paid.

4 (3) The following fees must be paid by the borrower, the seller, or another person involved in the
5 transaction directly to the bona fide third party providing the services or must be paid by the borrower, the seller,
6 or another person involved in the transaction to the mortgage broker or mortgage lender for payment of services
7 performed by the bona fide third party:

8 (a) credit report fees;

9 (b) notary fees;

10 (c) title search, appraisal, or survey fees;

11 (d) rate-lock fees not exceeding 3% of the mortgage loan amount; and

12 (e) fees paid directly by the borrower, the seller, or another person involved in the transaction to a state
13 or federal government agency or instrumentality for purposes of processing a mortgage application relating to
14 a government-sponsored or guaranteed mortgage program.

15 (4) The department shall by rule define the meaning of "another person involved in the transaction". (See
16 compiler's comment regarding contingent suspension.)"

17

18 **Section 27.** Section 32-9-126, MCA, is amended to read:

19 **"32-9-126. Revocation, suspension, conditioning, and reinstatement of licenses.** (1) The
20 department, upon giving a mortgage broker, mortgage lender, mortgage servicer, or mortgage loan originator
21 licensee 10 days' written notice, which includes a statement of the grounds for the proposed suspension,
22 conditioning, or revocation, and informing the licensee that the licensee has the right to be heard at an
23 administrative hearing if requested by the licensee, may suspend, condition, or revoke a license if it finds that the
24 licensee has violated any provision of this part.

25 ~~(2) All notices, hearing schedules, and orders must be mailed to the licensee by certified mail to the~~
26 ~~address for which the license was issued. The license of a licensee that refuses to make documents and records~~
27 ~~relating to the operation of the licensee available upon request by the department must be summarily suspended.~~

28 (3) A revocation, suspension, or surrender of a license does not relieve the licensee from civil or criminal
29 liability for acts committed prior to the revocation, suspension, or surrender of the license.

30 (4) The department may reinstate any suspended license if ~~there is not a fact or condition existing at the~~

1 ~~time of reinstatement that would have justified the department's refusal to originally issue the license~~ the
 2 suspended licensee has complied with all the reinstatement conditions set forth at the time the license was
 3 suspended and if the licensee is otherwise qualified to have the license reinstated.

4 (5) The department may by order vacate a revocation of a license and enter an appropriate order.

5 (6) The department may refuse to accept a licensee's offer to surrender a license under the following
 6 circumstances:

7 (a) a final order has been issued in an enforcement action and the licensee has not fully complied with
 8 the order regardless of whether compliance is yet due;

9 (b) the licensee has violated or is under investigation for a suspected violation of this part or any rule
 10 adopted under this part;

11 (c) there is an enforcement action or complaint pending against the licensee; or

12 (d) the licensee has not made arrangements satisfactory to the department regarding loans in process
 13 at the time of the offer of surrender.

14 (7) A revocation, suspension, or surrender of a license does not impair or affect the obligation of a
 15 preexisting lawful contract between the licensee and any person, including a borrower.

16 (8) In the event of a revoked, suspended, or surrendered mortgage broker, mortgage lender, mortgage
 17 servicer, or loan originator license, fees may not be refunded by the department. (See compiler's comment
 18 regarding contingent suspension.)"

19

20 **Section 28.** Section 32-9-128, MCA, is amended to read:

21 **"32-9-128. Registered agent for mortgage broker, mortgage lender, or mortgage loan originator**
 22 **licensee without physical office in state Registration and registered agent of foreign entities -- service**
 23 **of process -- venue.** ~~(1) An applicant for a mortgage broker, mortgage lender, or mortgage loan originator~~
 24 ~~license under 32-9-113 who does not maintain a physical office within the state shall file, in a form prescribed by~~
 25 ~~the department, an irrevocable consent appointing the department as the registered agent of the applicant for~~
 26 ~~the purpose of receiving service of any lawful process in a noncriminal suit, action, or proceeding against the~~
 27 ~~applicant or its successors, executor, or administrator that is based on an alleged violation of this part or any~~
 28 ~~administrative rule adopted pursuant to this part. Service on the department has the same force and validity as~~
 29 ~~if served personally on the applicant or the person filing the consent.~~

30 ~~———(2) Service must be made by leaving a copy of the process in the office of the department and is effective~~

1 only if:

2 ~~—— (a) notice of the service and a copy of the process are sent by certified mail to the defendant or~~
 3 ~~respondent at the last-known address on file with the department by the plaintiff, which may be the department,~~
 4 ~~in an action, suit, or proceeding; and~~

5 ~~—— (b) the plaintiff's affidavit of compliance with this section is filed in the case on or before the return day~~
 6 ~~of the process, if any, or within a time the court allows. (1) A foreign mortgage broker, mortgage lender, or~~
 7 ~~mortgage servicer shall register to do business in this state as a foreign corporation, limited liability company,~~
 8 ~~limited liability partnership, or limited partnership with the secretary of state.~~

9 (2) A foreign mortgage broker, mortgage lender, or mortgage servicer shall provide the name and
 10 address of its registered agent for service of process to the department in order to be licensed in this state and
 11 shall notify the department in writing within 5 days of a change in the licensee's registered agent's name or
 12 address.

13 (3) For purposes of this part, the department is considered to have complied with the requirements of
 14 law concerning service of process upon mailing by certified mail any notice required or permitted to a licensee
 15 under this part, postage prepaid and addressed to the last-known address of the licensee's registered agent for
 16 service of process on file with the department, the last-known address of the licensee on file with the department
 17 for an in-state licensee, or in the case of an unlicensed person, the last-known address of the person.

18 ~~(3)(4)~~ (4) In a judicial action, suit, or proceeding arising under this part or any administrative rule adopted
 19 pursuant to this part between the department and a licensee who does not maintain a physical office in this state,
 20 venue must be exclusively in Lewis and Clark County.

21 ~~(4) A notice, hearing schedule, or order must be mailed to the person or licensee by certified mail at the~~
 22 ~~last-known address for which the license was issued or, in the case of an unlicensed person, at the last-known~~
 23 ~~address of the person. (See compiler's comment regarding contingent suspension.)"~~

24

25 **Section 29.** Section 32-9-129, MCA, is amended to read:

26 **"32-9-129. Loan processors and underwriters.** (1) A person engaging solely in loan processor or
 27 underwriter activities may not represent to the public, through advertising or other means of communication,
 28 including the use of business cards, stationery, brochures, signs, rate lists, or other promotional items, that the
 29 person can or will perform any of the activities pertaining to originating a residential mortgage loan.

30 (2) A loan processor or underwriter who is an independent contractor may not engage in mortgage loan

1 originator activities as a loan processor or underwriter unless licensed as a mortgage loan originator under this
2 part. Each independent contractor loan processor or underwriter licensed as a mortgage loan originator shall
3 maintain a valid unique identifier issued by the nationwide mortgage licensing system and registry. (See
4 compiler's comment regarding contingent suspension.)"

5

6 **Section 30.** Section 32-9-130, MCA, is amended to read:

7 **"32-9-130. Department authority -- rulemaking.** (1) The department shall adopt rules necessary to
8 carry out the intent and purposes of this part. The rules adopted are binding on all licensees and enforceable
9 through the power of suspension or revocation of licenses.

10 (2) The rules must address:

11 (a) revocation or suspension of licenses for cause;

12 (b) investigation of applicants, licensees, and unlicensed persons alleged to have violated a provision
13 of this part and handling of complaints made by any person in connection with any business transacted by a
14 licensee;

15 (c) (i) ensuring that all persons are informed of their right to contest a decision by the department under
16 the Montana Administrative Procedure Act; and

17 (ii) holding contested case hearings pursuant to the Montana Administrative Procedure Act and issuing
18 cease and desist orders, orders of restitution, and orders for the recovery of administrative costs;

19 (d) prescribing forms for applications; and

20 (e) establishing fees for license renewals.

21 (3) The department may seek a writ or order restraining or enjoining, temporarily or permanently, any
22 act or practice violating any provision of this part.

23 (4) (a) For the purposes of investigating violations or complaints arising under this part or for the
24 purposes of examination, the department may review, investigate, or examine any licensee or person subject to
25 this part as often as necessary in order to carry out the purposes of this part.

26 (b) The commissioner may direct, subpoena, or order the attendance of and may examine under oath
27 any person whose testimony may be required about the subject matter of any examination or investigation and
28 may direct, subpoena, or order the person to produce books, accounts, records, files, and any other documents
29 the commissioner considers relevant to the inquiry.

30 (5) Each licensee or person subject to this part shall make available to the department upon request the

1 documents and records relating to the operations of the licensee or person. The department may access the
2 documents and records and may interview the officers, principals, mortgage loan originators, employees,
3 independent contractors, agents, or customers of the licensee or person concerning the business of the licensee
4 or person or any other person having knowledge that the department considers relevant.

5 (6) (a) The department may conduct investigations and examinations for the purposes of initial licensing,
6 license renewal, license suspension, license conditioning, license revocation, or license termination or to
7 determine compliance with this part.

8 (b) The department has the authority to access, receive, and use any books, accounts, records, files,
9 documents, information, or evidence, including but not limited to:

10 (i) criminal, civil, and administrative history information, including confidential criminal justice information
11 as defined in 44-5-103;

12 (ii) personal history and experience information, including independent credit reports obtained from a
13 consumer reporting agency described in section 603(p) of the Fair Credit Reporting Act, 15 U.S.C. 1681, et seq.;
14 and

15 (iii) any other documents, information, or evidence the department considers relevant to an inquiry or
16 investigation regardless of the location, possession, control, or custody of the documents, information, or
17 evidence.

18 (7) (a) The total cost for any examination or investigation must be in accordance with fees determined
19 by the department by rule pursuant to this section and may include expenses for necessary travel outside the
20 state for the purposes of conducting the examination or investigation. The fees set by the department must be
21 commensurate with the cost of the examination or investigation. All fees collected under this section must be
22 deposited in the department's account in the state special revenue fund to be used by the department to cover
23 the department's cost of conducting examinations and investigations.

24 (b) The cost of an examination or investigation must be paid by the licensee or person within 30 days
25 after the date of the invoice. Failure to pay the cost of an examination or investigation when due must result in
26 the suspension or revocation of a licensee's license.

27 (8) (a) The department may:

28 (i) exchange information with federal and state regulatory agencies, the attorney general, the consumer
29 protection office of the department, and the legislative auditor;

30 (ii) exchange information other than confidential information with the mortgage asset research institute,

1 inc., and other similar organizations; and

2 (iii) refer any matter to the appropriate law enforcement agency for prosecution of a violation of this part.

3 (b) To carry out the purposes of this section, the department may:

4 (i) enter into agreements or relationships with other government officials or regulatory associations to
5 improve efficiencies and reduce the regulatory burden by sharing resources, adopting standardized or uniform
6 methods or procedures, and sharing documents, records, information, or evidence obtained under this ~~section~~
7 part, including agreements to maintain the confidentiality of information under laws, rules, or evidentiary privileges
8 of another state, the federal government, or this state;

9 (ii) retain attorneys, accountants, or other professionals and specialists as examiners, auditors, or
10 investigators to conduct or assist in the conduct of examinations or investigations;

11 (iii) use, hire, contract, or employ public or privately available analytical systems, methods, or software
12 to examine or investigate the licensee or person subject to this part;

13 (iv) accept and rely on examination or investigation reports by other government officials, within or outside
14 of this state, without the loss of any privileges or confidentiality protection afforded by state or federal laws, rules,
15 or evidentiary privileges that cover those reports;

16 (v) accept audit reports made by an independent certified public accountant for the licensee or person
17 subject to this part if the examination or investigation covers at least in part the same general subject matter as
18 the audit report and may incorporate the audit report in the report of the examination, report of the investigation,
19 or other writing of the department under this part; and

20 (vi) assess against the licensee or person subject to this part the costs incurred by the department in
21 conducting the examination or investigation.

22 (c) Except as provided in 32-9-160 and subsection (8)(a)(i) of this section, the department shall treat all
23 confidential criminal justice information as confidential unless otherwise required by law.

24 ~~(9) The department shall prepare, at least once each calendar year, a roster listing the name and~~
25 ~~locations for each mortgage broker and mortgage lender and a roster of all mortgage loan originators and~~
26 ~~designated managers and the name of their employing mortgage brokers or employing mortgage lenders. The~~
27 ~~roster must be available to interested persons and to the general public.~~

28 ~~(+9)~~(9) Pursuant to section 1508(d) of the of the Secure and Fair Enforcement for Mortgage Licensing
29 Act, Title V of the Housing and Economic Recovery Act of 2008, Public Law 110-289, the department is
30 authorized to:

1 (a) supervise and enforce the provisions of this part, including the suspension, termination, revocation,
2 or nonrenewal of a license for violation of state or federal law;

3 (b) participate in the nationwide mortgage licensing system and registry;

4 (c) ensure that all mortgage broker, mortgage lender, and mortgage loan originator applicants under this
5 part apply for state licensure and pay any required nonrefundable fees to and maintain a valid unique identifier
6 issued by the nationwide mortgage licensing system and registry; and

7 (d) regularly report violations of state or federal law and enforcement actions to the nationwide mortgage
8 licensing system and registry.

9 ~~(10)~~ (a) The department may, if the U.S. department of housing and urban development determines
10 that a provision of this part does not meet the requirements of the Secure and Fair Enforcement for Mortgage
11 Licensing Act, Title V of the Housing and Economic Recovery Act of 2008, Public Law 110-289, or that additional
12 persons are subject to this part, refrain from enforcing the provision that is determined to be noncompliant and
13 shall by rule invalidate any noncompliant exemption to this part or require that additional persons be temporarily
14 subject to this part to be compliant with federal law, including the provisions for licensure and registration with
15 and maintenance of a valid unique identifier with the nationwide mortgage licensing system and registry.

16 (b) The department shall propose to the regular session of the legislature that follows the determination
17 by the U.S. department of housing and urban development legislation to address the incompatibility with federal
18 law. The provisions that the United States department of housing and urban development determines to not be
19 in compliance with the requirements of the Secure and Fair Enforcement for Mortgage Licensing Act, Public Law
20 110-289, must be amended in the correcting legislation.

21 (11) The department may be approved by the nationwide mortgage licensing system and registry as a
22 provider of educational courses. If the department chooses to become an approved provider of educational
23 courses, it may charge fees to attendees. The amount of the fees must be set by rule and must be commensurate
24 with the total course costs, including the costs of becoming an approved provider. All fees collected under this
25 section must be deposited in the department's account in the state special revenue fund to be used by the
26 department to cover the department's cost of presenting education courses. (See compiler's comment regarding
27 contingent suspension.)"

28

29 **Section 31.** Section 32-9-133, MCA, is amended to read:

30 **"32-9-133. Penalties -- restitution.** (1) If the department finds, after providing a 10-day written notice

1 that includes a statement of alleged violations and a hearing or an opportunity for hearing, as provided in the
2 Montana Administrative Procedure Act, that any person, licensee, or officer, agent, employee, or representative
3 of the person or licensee, whether licensed or unlicensed, has violated any of the provisions of this part, has failed
4 to comply with the rules, instructions, or orders promulgated by the department, has failed or refused to make
5 required reports to the department, has furnished false information to the department, or has operated without
6 a required license, the department may impose a civil penalty not to exceed \$5,000 for the first violation and not
7 to exceed \$10,000 for each subsequent violation.

8 (2) The department may issue an order requiring restitution to borrowers and reimbursement of the
9 department's cost in bringing the administrative action. In addition, the department may issue an order revoking,
10 conditioning, or suspending the right of the person or licensee, directly or through an officer, agent, employee,
11 or representative, to do business in this state as a licensee or to engage in the mortgage broker, mortgage lender,
12 mortgage servicer, or mortgage loan origination business.

13 (3) All notices, hearing schedules, and orders must be mailed to the person or licensee by certified mail
14 to the address for which the license was issued or in the case of an unlicensed business to the last-known
15 address of record.

16 (4) The fines must be deposited in the department's account in the state special revenue fund and used
17 to administer the provisions of this part.

18 (5) In addition to the penalties in subsection (1), a person practicing as a mortgage broker, mortgage
19 lender, mortgage servicer, or mortgage loan originator without being licensed as required under subsection (1)
20 is guilty of a misdemeanor and may be punished by a fine of not less than \$250 or more than \$1,000, by
21 imprisonment in the county jail for not less than 90 days or more than 1 year, or both. Each violation of the
22 provisions of subsection (1) constitutes a separate offense. (See compiler's comment regarding contingent
23 suspension.)"

24

25 **Section 32.** Section 32-9-145, MCA, is amended to read:

26 **"32-9-145. Escrow fund.** (1) An escrow fund authorized for any purpose by a mortgage loan contract
27 is subject to applicable state and federal requirements. Money received from a borrower by a mortgage lender
28 or mortgage servicer licensed under this part must be considered as held in trust immediately upon receipt. The
29 mortgage lender or mortgage servicer shall place escrow funds in a depository institution prior to the end of the
30 third business day following their receipt.

1 (2) An escrow fund account must be a separate account established to hold only borrowers' funds. The
2 account must be designated and maintained for the benefit of borrowers. Escrow funds may not be commingled
3 with any other funds.

4 (3) Escrow funds must be kept in the segregated account until disbursement. Money maintained in an
5 escrow fund account is exempt from execution, attachment, or garnishment.

6 (4) A licensee may not encumber the corpus of an escrow fund account or commingle other operating
7 funds with account funds.

8 (5) An escrow fund account may be used only for:

9 (a) a payment authorized by the borrower or the mortgage loan contract or required by federal or state
10 law;

11 (b) a refund to the borrower;

12 (c) transfer to a depository institution;

13 (d) transfer to the appropriate mortgage lender or mortgage servicer in the case of a transfer of servicing;

14 (e) a purpose authorized by the mortgage loan contract; or

15 (f) purposes of complying with an order issued by the commissioner or a court.

16 (6) Accounting for escrow funds must be performed in compliance with the aggregate accounting rules
17 established in regulation X, 24 CFR 3500, and in compliance with 71-1-115. (See compiler's comment regarding
18 contingent suspension.)"

19

20 **Section 33.** Section 32-9-148, MCA, is amended to read:

21 **"32-9-148. Disclosure of mortgage costs by mortgage lender.** (1) ~~Within 3 business days of taking~~
22 ~~a mortgage loan application and prior to receiving any consideration from the borrower, the~~ A mortgage lender
23 shall disclose the terms of the loan to the borrower in compliance with the disclosure requirements of the federal
24 Real Estate Settlement Procedures Act of 1974, 12 U.S.C. 2601, et seq., the federal Truth in Lending Act, 15
25 U.S.C. 1601, et seq., and any regulations promulgated under those acts.

26 (2) A mortgage lender shall disclose the terms of any prepayment penalty on the mortgage loan,
27 including the amount of the prepayment penalty or the formula for calculating the prepayment penalty. ~~If the initial~~
28 ~~mortgage loan offer does not include a prepayment penalty, but a prepayment penalty is later included in the~~
29 ~~mortgage loan offer, disclosure of the terms of the prepayment penalty must be made within 3 business days of~~
30 ~~the prepayment penalty being added to the mortgage loan offer.~~ A mortgage lender shall comply with federal laws

1 and rules regarding prepayment penalties.

2 (3) A licensed mortgage lender may not require a borrower to pay any fees or charges prior to the
3 mortgage loan closing, except:

4 (a) charges to be incurred by the mortgage lender on behalf of the borrower for services from third
5 parties necessary to process the application, such as credit reports and appraisals;

6 (b) an application fee;

7 (c) an interest rate lock-in fee if the borrower is provided an interest rate lock-in agreement, the terms
8 of which must include but are not limited to:

9 (i) the expiration date of the interest rate lock-in agreement;

10 (ii) the principal amount of the mortgage loan, the term of the mortgage loan, and identification of the
11 residential real estate;

12 (iii) the initial interest rate and the discount points to be paid; and

13 (iv) the amounts and payment terms of the interest rate lock-in, along with a statement as to whether the
14 fee is refundable and the terms and conditions necessary to obtain a refund; and

15 (d) a loan commitment fee, upon approval of the mortgage loan application, if the borrower is provided
16 with a loan commitment in writing that is signed by the mortgage lender and the borrower and the terms include
17 the terms and conditions of the mortgage loan as well as the terms and conditions of the loan commitment,
18 including but not limited to:

19 (i) the time period during which the loan commitment is irrevocable and may be accepted by the
20 borrower, which may not be less than 7 calendar days from the date of the loan commitment or the date of
21 mailing, whichever is later;

22 (ii) the amount and payment terms of the loan commitment fee, along with a statement as to whether the
23 fee is refundable and the terms and conditions necessary to obtain a refund;

24 (iii) the expiration date of the loan commitment;

25 (iv) conditions precedent to closing; and

26 (v) the terms and conditions, if any, for obtaining a refund of fees for third-party services or arranging
27 for the transfer of third-party service work products to another mortgage lender.

28 (4) Any amount collected under subsection (3) in excess of the actual costs must be returned to the
29 borrower within 60 days after rejection, withdrawal, or closing.

30 (5) (a) Except as provided in subsection (5)(b), fees or charges collected pursuant to this section, other

1 than fees for third-party services collected pursuant to subsection (3)(a), must be refunded if a valid loan
2 commitment is not produced or if closing does not occur.

3 (b) Applicable fees may be retained by the licensee in accordance with the terms of the loan commitment
4 upon the licensee's ability to demonstrate any of the following:

5 (i) the borrower withdraws the mortgage loan application after the lender has issued a loan commitment
6 on the same terms and conditions disclosed to the borrower on the most recent good faith estimate;

7 (ii) the borrower has made a material misrepresentation or omission on the mortgage loan application;

8 or

9 (iii) the borrower has failed to provide documentation necessary to the processing or closing of the
10 mortgage loan application and closing does not occur without fault of the lender. (See compiler's comment
11 regarding contingent suspension.)"

12

13 **NEW SECTION. Section 34. Mortgage servicer duties.** In addition to any duties imposed by other
14 statutes or the common law, a mortgage servicer shall:

15 (1) safeguard and account for any money handled for the borrower;

16 (2) follow reasonable and lawful instructions from the borrower;

17 (3) act with reasonable skill, care, and diligence;

18 (4) file with the department a complete, current schedule of the ranges of costs and fees the mortgage
19 servicer charges borrowers for servicing-related activities with the mortgage servicer's application and renewal
20 and with any supplemental filings made from time to time;

21 (5) file with the department upon request a report in a form and format acceptable to the department
22 detailing the mortgage servicer's activities in this state, including:

23 (a) the number of mortgage loans the mortgage servicer is servicing;

24 (b) the type and characteristics of the loans in this state;

25 (c) the number of serviced loans in default, along with the breakdown of 30-day, 60-day, and 90-day
26 delinquencies;

27 (d) information on loss mitigation activities, including details on workout arrangements undertaken; and

28 (e) information on foreclosures in this state;

29 (6) at the time the mortgage servicer accepts assignment of servicing rights for a mortgage loan, disclose
30 to the borrower:

- 1 (a) any notice required under federal law or regulation;
- 2 (b) a schedule of the ranges and categories of the mortgage servicer's costs and fees for its
3 servicing-related activities, which may not exceed those reported to the department; and
- 4 (c) a notice in the form and content acceptable to the department that the mortgage servicer is licensed
5 in Montana and that complaints about the mortgage servicer may be submitted to the department; and
- 6 (7) in the event of a delinquency or other act of default on the part of the borrower, act in good faith to
7 inform the borrower of the facts concerning the loan and the nature and extent of the delinquency or default and,
8 if the borrower replies, negotiate with the borrower, subject to the mortgage servicer's duties and obligations
9 under the mortgage servicing contract, if any, to attempt a resolution or workout pertaining to the delinquency or
10 default.

11

12 **Section 35.** Section 32-9-150, MCA, is amended to read:

13 **"32-9-150. Unique identifier for mortgage brokers, mortgage lenders, mortgage servicers,**
14 **mortgage loan originators, and registered mortgage loan originators.** (1) Each licensed mortgage broker,
15 mortgage lender, mortgage servicer, and mortgage loan originator shall post the mortgage broker's, mortgage
16 lender's, mortgage servicer's, or mortgage loan originator's unique identifier in a conspicuous place within the
17 office where the licensee principally transacts business.

18 (2) The department shall ~~post on its website the names of all licensees, together with their license~~
19 ~~numbers. In conjunction with that posting, the department shall also provide the unique identifier of all licensed~~
20 ~~mortgage brokers, mortgage lenders, and mortgage loan originators so that consumers, borrowers, and the public~~
21 ~~may access that information for use in conjunction with the nationwide mortgage licensing system and registry~~
22 provide a link to the consumer access portion of the nationwide mortgage licensing system and registry on the
23 department's website.

24 (3) ~~The department shall also post on its website the names and unique identifiers of all registered~~
25 ~~mortgage loan originators conducting business in the state. (See compiler's comment regarding contingent~~
26 ~~suspension.)"~~

27

28 **Section 36.** Section 32-9-151, MCA, is amended to read:

29 **"32-9-151. Mortgage call reports.** (1) Each ~~mortgage broker and mortgage lender entity licensee~~ shall
30 submit to the nationwide mortgage licensing system and registry reports of condition, which must be in the form

1 and must contain information that the nationwide mortgage licensing system and registry may require.

2 (2) Each mortgage loan originator shall ensure that all residential mortgage loans that close as a result
3 of the mortgage loan originator's loan origination activities are included in the report of condition submitted to the
4 nationwide mortgage licensing system and registry. (See compiler's comment regarding contingent suspension.)"

5

6 **Section 37.** Section 32-9-160, MCA, is amended to read:

7 **"32-9-160. Confidentiality.** (1) (a) Except as otherwise provided in section 1512 of the Secure and Fair
8 Enforcement for Mortgage Licensing Act, Title V of the Housing and Economic Recovery Act of 2008, Public Law
9 110-289, the requirements under federal law, the Montana constitution, or Montana law regarding the privacy or
10 confidentiality of any information or material provided to the nationwide mortgage licensing system and registry
11 and any privilege arising under federal or state law, including the rules of a federal or state court, pertaining to
12 the information or material continue to apply to the information or material after the information or material has
13 been disclosed to the nationwide mortgage licensing system and registry.

14 (b) Information and material may be shared with all state and federal regulatory officials with mortgage
15 industry oversight authority and with the board of governors of the federal reserve system without the loss of
16 confidentiality protections or the loss of privilege provided by federal law, the Montana constitution, or Montana
17 law.

18 (2) The department may enter into agreements or sharing arrangements with other governmental
19 agencies, the conference of state bank supervisors, the American association of residential mortgage regulators,
20 or associations representing governmental agencies as established by rule of the department.

21 (3) Information or material subject to confidentiality or a privilege under subsection (1) is not subject to:

22 (a) disclosure under a federal or state law governing disclosure to the public of information held by an
23 officer or an agency of the federal government or the respective state; or

24 (b) subpoena, discovery, or admission into evidence in any private civil action or administrative process
25 unless, with respect to any privilege held by the nationwide mortgage licensing system and registry concerning
26 the information or material, the person to whom the information or material pertains waives, in whole or in part,
27 that privilege.

28 (4) Montana law relating to the disclosure of confidential supervisory information or information or
29 material described in subsection (1) that is inconsistent with subsection (1) is superseded by the requirements
30 of section 1512 of the Secure and Fair Enforcement for Mortgage Licensing Act, Title V of the Housing and

1 Economic Recovery Act of 2008, Public Law 110-289.

2 (5) Examination reports, information contained in examination reports, and examiners' work papers are
3 confidential material that retain their status as trade secrets or confidential proprietary information of the entities
4 that are the subject of the reports despite having been compelled to be produced to the state for examination
5 purposes. Confidential material is not subject to public inspection, subpoena, or discovery. To the extent that
6 examination reports, work papers, and other confidential material contain personal financial information and
7 personal identification information of individuals, those individuals retain a reasonable expectation of privacy in
8 their personal financial or personal identification information, subject to the licensee's and any uninvolved
9 person's reasonable expectation of privacy and; although filed with the department as provided in this part, are
10 that information is not subject to public inspection, subpoena, or discovery except as directed by a court of law.

11 (6) This section does not apply to information or material relating to the employment history of and
12 publicly adjudicated disciplinary and enforcement actions against mortgage lenders, mortgage servicers,
13 mortgage brokers, and mortgage loan originators included in the nationwide mortgage licensing system and
14 registry that is available for public access. (See compiler's comment regarding contingent suspension.)"

15
16 **NEW SECTION. Section 38. Repealer.** The following sections of the Montana Code Annotated are
17 repealed:

18 32-9-114. Provisional licenses and previously licensed persons.

19 32-9-127. Compliance of current mortgage brokers, mortgage lenders, and mortgage loan originator
20 licensees with background check and minimum standards -- renewals.

21
22 **NEW SECTION. Section 39. Codification instruction.** [Sections 8, 21, 22, 24, 25, and 34] are
23 intended to be codified as an integral part of Title 32, chapter 9, part 1, and the provisions of Title 32, chapter 9,
24 part 1, apply to [sections 8, 21, 22, 24, 25, and 34].

25 - END -