

ASSEMBLY BILL NO. 284—ASSEMBLYWOMAN KASAMA

MARCH 14, 2023

Referred to Committee on Commerce and Labor

SUMMARY—Authorizes the business of a mortgage company to be conducted from a remote location under certain circumstances. (BDR 54-941)

FISCAL NOTE: Effect on Local Government: No.
Effect on the State: Yes.

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

AN ACT relating to mortgage companies; authorizing an employee of a mortgage company, including a mortgage loan originator employed by or associated with the mortgage company, to conduct the business of the mortgage company at a remote location under certain circumstances; setting forth certain requirements and restrictions concerning the conducting of the business of a mortgage company at a remote location; requiring the Commissioner of Mortgage Lending to adopt certain regulations; and providing other matters properly relating thereto.

Legislative Counsel’s Digest:

Existing law requires an applicant for a license as a mortgage company to state in the application: (1) for an applicant who is not a wholesale lender, the location of each principal office and branch office at which the mortgage company will conduct business in this State; and (2) the location of any principal office, office or other place of business located outside this State from which the mortgage company will conduct business in this State. Existing law also requires a mortgage company that will conduct business at one or more branch offices to apply for a license for each branch office. (NRS 645B.020)

Section 1 of this bill authorizes an employee of a mortgage company, including, without limitation, a mortgage loan originator employed by or associated with the mortgage company, to conduct the business of the mortgage company at a remote location if authorized by the mortgage company. **Section 1** defines “remote location” to mean, in general, any location, including the residence of an employee, that is not a location for which a license as a mortgage company has been issued. **Section 1** sets forth certain requirements for a mortgage company to authorize an employee to conduct the business of the mortgage company at a remote location.



17 Additionally, **section 1** prohibits: (1) an employee from interacting with a customer
18 in person at the residence of the employee; and (2) the maintenance of physical
19 records at a remote location. Finally, **section 1** requires: (1) a mortgage company to
20 maintain certain records relating to business conducted at a remote location at its
21 principal office or a branch office; and (2) the Commissioner of Mortgage Lending
22 to adopt regulations governing the conducting of the business of a mortgage
23 company at a remote location that include, without limitation, requirements for the
24 keeping and maintenance of records for mortgage transactions made by an
25 employee at a remote location.

26 Existing law requires each mortgage company to keep and maintain at each
27 location where the mortgage company conducts business in this State records of all
28 mortgage transactions made by the mortgage company at that location. (NRS
29 645B.080) **Section 2** of this bill exempts a remote location from that requirement
30 and instead requires a mortgage company to keep and maintain records of all
31 mortgage transactions made by an employee at a remote location in accordance
32 with the requirements established by the Commissioner by regulation pursuant to
33 **section 1**.

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

1 **Section 1.** Chapter 645B of NRS is hereby amended by adding
2 thereto a new section to read as follows:

3 *1. An employee of a mortgage company may conduct the*
4 *business of the mortgage company at a remote location if*
5 *authorized by the mortgage company.*

6 *2. A mortgage company may authorize an employee to*
7 *conduct the business of the mortgage company at a remote*
8 *location if the mortgage company:*

9 *(a) Has adopted written policies and procedures for the*
10 *supervision of employees working at a remote location to ensure*
11 *that:*

12 *(1) Each employee working from a remote location*
13 *complies with the provisions of this section and the regulations*
14 *adopted pursuant thereto; and*

15 *(2) The mortgage company exercises reasonable*
16 *supervision and control over the activities of his or her mortgage*
17 *loan originators pursuant to NRS 645B.460;*

18 *(b) Has adopted a comprehensive written plan for the security*
19 *of the information systems of the mortgage company and any*
20 *customer information collected and maintained by the mortgage*
21 *company, which must contain specific provisions regarding*
22 *cybersecurity and the use of a virtual private network or other*
23 *secure connection at the remote location that requires:*

24 *(1) Multifactor authentication;*

25 *(2) A backup system and data recovery system; and*

26 *(3) Protocols in the event of a cybersecurity incident; and*



1 (c) Ensures that the information systems of the mortgage
2 company and any customer information collected and maintained
3 by the mortgage company are accessed by employees working at a
4 remote location only in accordance with the security plan adopted
5 pursuant to paragraph (b).

6 3. An employee of a mortgage company shall not interact
7 with a customer of the mortgage company in person at the
8 residence of the employee unless a license has been issued for that
9 residence pursuant to NRS 645B.020.

10 4. Any physical records of a mortgage company must not be
11 maintained at a remote location. Any underlying origination
12 records obtained through the conduct of the business of a
13 mortgage company at a remote location must be maintained at the
14 principal office or a branch office of the mortgage company.

15 5. The Commissioner shall adopt regulations governing the
16 conducting of the business of a mortgage company at a remote
17 location. The regulations:

18 (a) Must include, without limitation, requirements for the
19 keeping and maintenance of complete and suitable records of all
20 mortgage transactions made by an employee of a mortgage
21 company at a remote location; and

22 (b) May include, without limitation, any additional
23 requirements for an employee of a mortgage company to conduct
24 the business of a mortgage company from a remote location.

25 6. As used in this section:

26 (a) "Business of a mortgage company" includes, without
27 limitation, any activity for which a license is required pursuant to
28 this chapter that is conducted by an employee who is a mortgage
29 loan originator employed by or associated with a mortgage
30 company.

31 (b) "Employee" includes, without limitation, a mortgage loan
32 originator who is employed by or associated with a mortgage
33 company.

34 (c) "Remote location" means a location, other than a principal
35 office, branch office or other office or place of business for which
36 a license has been issued pursuant to NRS 645B.020, at which an
37 employee of a mortgage company conducts the business of the
38 mortgage company pursuant to this section. The term includes,
39 without limitation, the residence of an employee.

40 **Sec. 2.** NRS 645B.080 is hereby amended to read as follows:

41 645B.080 1. Each mortgage company shall keep and
42 maintain at all times at each location, *other than a remote location*,
43 where the mortgage company conducts business in this state
44 complete and suitable records of all mortgage transactions made by
45 the mortgage company at that location. Each mortgage company



1 shall also keep and maintain at all times at each such location all
2 original books, papers and data, or copies thereof, clearly reflecting
3 the financial condition of the business of the mortgage company.
4 *Each mortgage company shall keep and maintain complete and*
5 *suitable records of all mortgage transactions made by an employee*
6 *of the mortgage company at a remote location in accordance with*
7 *the requirements established by the Commissioner by regulation*
8 *pursuant to section 1 of this act.*

9 2. Except as otherwise provided in subsection 3, each mortgage
10 company shall submit to the Commissioner each month a report of
11 the mortgage company's activity for the previous month. The report
12 must:

13 (a) Specify the volume of loans arranged and loans made by the
14 mortgage company for the month or state that no loans were
15 arranged or made in that month;

16 (b) Include any information required pursuant to NRS 645B.260
17 or pursuant to the regulations adopted by the Commissioner; and

18 (c) Be submitted to the Commissioner by the 15th day of the
19 month following the month for which the report is made.

20 3. The Commissioner may waive the requirement to submit a
21 report pursuant to subsection 2 if substantially similar information is
22 available to the Commissioner from another source.

23 4. The Commissioner may adopt regulations prescribing
24 accounting procedures for mortgage companies handling trust
25 accounts and the requirements for keeping records relating to such
26 accounts.

27 5. Each mortgage company who is required to register or
28 voluntarily registers with the Registry shall submit to the Registry
29 and the Commissioner a report of condition or any other report
30 required by the Registry in the form and at the time required by the
31 Registry.

32 *6. As used in this section, "remote location" has the meaning*
33 *ascribed to it in section 1 of this act.*

34 **Sec. 3.** 1. This section becomes effective upon passage and
35 approval.

36 2. Sections 1 and 2 of this act become effective:

37 (a) Upon passage and approval for the purpose of adopting any
38 regulations and performing any other preparatory administrative
39 tasks that are necessary to carry out the provisions of this act; and

40 (b) On January 1, 2024, for all other purposes.

