

2013 HOUSE INDUSTRY, BUSINESS, AND LABOR

HB 1084

2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1084
January 15, 2013
Job 17197

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to a six-month extension of a collection agency license, a deferred presentment service provider license, and a money transmitter license during the 2014 calendar year, and the confidentiality of information submitted or received by the Commissioner or Commissioner's designee to a nationwide multistate licensing system.

Relating to collection agency license applications, the expiration and renewal of a collection agency license, deferred presentment service provider license applications, the expiration and renewal of a deferred presentment service provider license, deferred presentment service transaction procedures, money transmitter license applications, the expiration and renewal of a money transmitter license, and debt-settlement provider license applications

Minutes:

Attachments 1, 2, and 3

Hearing opened

Bob Entringer, Commissioner of the Dept. of Financial Institutions: Refer to attached written testimony 1, attachment 1. Testimony refers to Attachment 2, a proposed amendment.

Chairman Keiser: Do the committee members have any questions for Mr. Entringer?

6:56 **Representative M. Nelson:** Is the situation where the person may use the multistate licensing or that everyone must use the multistate licensing even if they are a single businessman in a single place?

7:08 **Bob Entringer:** We would mandate that they would all use the nationwide system.

7:15 **Chairman Keiser:** Do we need fewer FTEs in the department since we won't be doing this??

Bob Entringer I would say no because of the time it takes to review the information. We do examinations of these entities as well, so I would say no because we need those people to go out and do the examinations.

7:40 **Representative Kreun:** With the ability to share confidential information, that would mean sharing with whom?

Bob Entringer With other state regulatory agencies. So if our department licenses a company and Minnesota licenses the same company, Minnesota could look at that information. Any state that does not license that company could not access that information. Only regulatory agencies that regulate that company could access that information.

Chairman Keiser: Are you familiar with the amendment being proposed by the Money Services Round Table? Any issues there?

Bob Entringer: Yes, I am familiar with it. We did not feel it was necessary, but we are not opposed to it. The way the language is written, it says that the department may require fingerprinting, and we understand his rationale for that. We are not opposed to that amendment.

Chairman Keiser: If you did not receive it, they are asking that for the states that require fingerprints for money transmitter licenses. Typically, there is language which excludes officers and directors of publicly traded companies because the SEC vets such individuals pursuant to SEC Regulation SK. They would propose adding, "except that nothing in this section shall require fingerprints from officers and directors of publically traded companies and their subsidiaries." They would be more comfortable with that addition. I will get copies.

9:28 **Chairman Keiser:** Going to 60 calendar days, this committee never has liked calendar days. You get into holiday periods. Although 60 is a lot of days, you get into Christmas and New Years and the belated business activities which might exist there. Sixty days, you might lose five days of opportunity. So what is the rationale?

Bob Entringer: The rationale is the calculation of the annual percentage rate which the payday lender is required to disclose. When you start using business days opposed to calendar days, the calculation gets really difficult. Actually, the federal regulation just uses calendar days.

10:20 **Representative N. Johnson:** When you are extending the contract for another six months, is there like a half a year charge for the licensure, or is that just going to be waived while you extend them?

Bob Entringer: We are going to waive it. We figure that we are going to collect the full fee; we are just going to eat that additional six months. We will still get the money at the renewal at the end of the year.

Support:

Kim Granfor, North Dakota Collectors Association: We are in support of bill. We worked out everything prior to this becoming a bill. The Department of Financial Institutions

was very generous in meeting with us in advance, going through it, seeing our perspective. We listened to their perspective. We are in full support of this bill.

Chairman Keiser: Questions?

Opposition:

Neutral:

Hearing closed.

Chairman Keiser: I will wait until we get a chance for you to receive copies of those proposed amendments.

12:15 Representative Kasper: I have another proposed amendment to distribute. Attachment 3.

13:08 Representative Kasper: Reviewed proposed amendment and provided background. (attachment 3) This amendment was given to me by the payday loan folks. Currently under state statute, their collection fee for insufficient fund checks is \$20. Most of the other institutions, such as the bankers and the business owners, can charge \$35. What they are asking in this proposed amendment is that we simply strike the two words and add "the collection fees and costs authorized in subdivision c of subsection 2 of section 6-08-16." Their collection fees would be the same as what banks and businesses charge for collection fees. They indicated to me that they are having a little bit of a problem because they do not get quite as much money to collect their insufficient checks as some of the other financial institutions do. They would like an even playing field. I propose the amendment for consideration by the committee.

Chairman Keiser: Is there anyone in the audience who would like to make comment on that amendment?

14:26 Ken Tupa, North Dakota Pawn Brokers Association: With respect to the amendment, there are many North Dakota pawn brokers who are also licensed deferred presentment service providers regulated by the Department of Financial Institutions. The regulatory statutes for deferred presentment service providers, more commonly known as payday loan providers, were enacted in 2001. The \$20 goes back to the original statutes from 2001. Current law provides for every other business with insufficient funds to either charge or contract with a collection agency to charge up to \$35 for the collection of those checks. We would like to update the language so it is uniform across the board.

Chairman Keiser: Questions? Comment on that amendment?

Hearing closed.

2013 HOUSE STANDING COMMITTEE MINUTES

House Industry, Business and Labor Committee
Peace Garden Room, State Capitol

HB 1084
January 22, 2013 pm
Job 17555

Recording also contains HB 1085 from 7:55 to end

Conference Committee

Committee Clerk Signature

Explanation or reason for introduction of bill/resolution:

Relating to a six-month extension of a collection agency license, a deferred presentment service provider license, and a money transmitter license during the 2014 calendar year, and the confidentiality of information submitted or received by the Commissioner or Commissioner's designee to a nationwide multistate licensing system.

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Minutes:

Attachment 1

Representative Beadle: Distributed Attachment 1. We have amendments we have yet to act on. One was provided for DFI, just clarifying. The second amendment was one provided by Representative Kasper regarding the payday loan folks who wanted to be sure we adjusted the collection of fees authorized.

Representative Beadle: Attachment 1, identified as A. Page 11, line 11, regarding fingerprinting. Summarized background behind amendment.

Representative Beadle moves this amendment; Representative N. Johnson seconds the motion.

Voice vote on amendment identified in Attachment 1 as A: Motion carries, and amendment adopted.

Representative Beadle: Explained proposed amendment, identified in Attachment 1 as B, regarding page 1, lines 7, 9, and 14. Department of Financial Institutions provided this. It clarifies that the national MLS can share data back and forth with the DFI.

Representative Beadle moves this amendment; Representative Ruby seconds the motion.

Voice vote on amendment identified in Attachment 1 as B: Motion carries, and amendment adopted.

Representative Beadle: Explained proposed amendment provided by Representative Kasper, identified in Attachment 1 as C.

3:49 **Representative Kasper:** Provided background on this proposed amendment.

Representative Kasper moves this amendment; Representative Beadle seconds the motion.

Voice vote on amendment identified in Attachment 1 as C: Motion carries, and amendment adopted.

4:34 **Representative M. Nelson:** The banks will be asking for a new amount during this session. Do you if that is the section that this refers to?

Representative Kasper: Uncertain.

Motion to recommend a do pass as amended on HB 1084 and to rerefer to Appropriations. Motion made by Representative Kasper and seconded by Representative Beadle.

Roll call vote on a do pass as amended: 14yes, 0 no, and 0 absent.

Carrier: Representative Beadle

FISCAL NOTE
Requested by Legislative Council
12/26/2012

Bill/Resolution No.: HB 1084

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
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Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
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- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

To provide licensing on a nationwide web-based licensing system.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The Department would like to convert all of our consumer division licensees to a nationwide licensing system; the system we contemplate using is owned and operated by the Conference of State Bank Supervisors. We currently use a nationwide system to license and track mortgage originators and money brokers. The nationwide system is a web-based system which would allow state-licensed entities to apply for, amend, update or renew a license online for all participating state agencies using a single set of uniform applications. The Department upgraded our records management system to be able download information from this nationwide system for our money brokers and mortgage loan originators in 2009. The license types to be converted to this system include collection agencies, deferred presentment service providers, money transmitters, and debt settlement companies. If this legislation should pass the Department would have to upgrade records management to download information for these licensees? from the nationwide system. The project includes interfacing DFI's Record Management System with data from the nationwide licensing system. The Application/Licenses for consumer licensees' would be entered/maintained using the nationwide licensing system's secure internet web site. Some of the data would need to be imported into the Oracle table(s) for our agency to be able to process Complaints and/or Exams for this data in the Department's Records Management PowerBuilder system.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

If this bill passes there will be no revenue affected in the executive budget.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The cost is an estimate to provide a download information for these licensees' from the nationwide system. This estimate is \$136,000 and the work would be completed by ITD. The Department of Financial Institutions has included the amount in the Contingency line item.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

N/A

Name: Joan Becker

Agency: Department of Financial Institutions

Telephone: 7013289958

Date Prepared: 12/27/2012

January 22, 2013

1/23/13
TD

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1084

Page 1, line 7, after "reenact" insert "subsection 4 of section 6-01-07.1,"

Page 1, line 7, replace "subsection" with "subsections"

Page 1, line 7, after "6" insert "and 7"

Page 1, line 9, after "to" insert "the confidentiality of information shared with a nationwide multistate licensing system,"

Page 1, after line 14, insert:

"SECTION 1. AMENDMENT. Subsection 4 of section 6-01-07.1 of the North Dakota Century Code is amended and reenacted as follows:

4. The commissioner may furnish information and enter ~~into~~ sharing agreements as to matters of mutual interest to an official or examiner of the federal reserve system, federal deposit insurance corporation, federal home loan bank board, national credit union administration, office of thrift supervision, comptroller of the currency, any other federal government agency, insurance commissioner, office of the securities commissioner, regulatory trade associations, ~~or~~ any state bank or credit union supervisors or supervisors of other licensed entities of other states, or a nationwide multistate licensing system."

Page 7, after line 22, insert:

"SECTION 9. AMENDMENT. Subsection 7 of section 13-08-12 of the North Dakota Century Code is amended and reenacted as follows:

7. If a check or electronic debit is returned to the licensee from a payer financial institution due to insufficient funds, closed account, or a stop payment order, the licensee has the right to all civil remedies available to collect the obligation. The licensee may contract for and collect a returned check or electronic debit charge not to exceed ~~twenty dollars~~ the collection fees and costs authorized in subdivision c of subsection 2 of section 6-08-16. No other fee or charge may be collected as a result of a returned check or electronic debit or as a result of default by the customer in timely payment to the licensee."

Page 11, line 11, after "check" insert "except that officers and directors of a publicly traded company and subsidiaries of the publicly traded company may not be required to submit fingerprints under this section"

Renumber accordingly

Date: 1-22-2013 pm

Roll Call Vote #: 1

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. _____**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Bealle Seconded By Johnson

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser			Rep. Bill Amerman		
Vice Chairman Gary Sukut			Rep. Joshua Boschee		
Rep. Thomas Beadle			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Marvin Nelson		
Rep. Robert Frantsvog					
Rep. Nancy Johnson					
Rep. Jim Kasper					
Rep. Curtiss Kreun					
Rep. Scott Louser					
Rep. Dan Ruby					
Rep. Don Vigesaa					

Voice

Total Yes _____ No _____
Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

A - fingerprinting

Date: 1-22-2013 pm

Roll Call Vote #: 2

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1884**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Beadle Seconded By Ruby

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser			Rep. Bill Amerman		
Vice Chairman Gary Sukut			Rep. Joshua Boschee		
Rep. Thomas Beadle			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Marvin Nelson		
Rep. Robert Frantsvog					
Rep. Nancy Johnson					
Rep. Jim Kasper	Void				
Rep. Curtiss Kreun					
Rep. Scott Louser					
Rep. Dan Ruby					
Rep. Don Vigesaa					

Total Yes _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

B

Date: 1-22-2013 pm

Roll Call Vote #: 3

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. _____**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Kasper Seconded By Ruby

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser			Rep. Bill Amerman		
Vice Chairman Gary Sukut			Rep. Joshua Boschee		
Rep. Thomas Beadle			Rep. Edmund Gruchalla		
Rep. Rick Becker			Rep. Marvin Nelson		
Rep. Robert Frantsvog					
Rep. Nancy Johnson					
Rep. Jim Kasper					
Rep. Curtiss Kreun					
Rep. Scott Louser					
Rep. Dan Ruby					
Rep. Don Vigesaa					

Total Yes _____ No _____
Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

C

Date: 1-22-2013 pm

Roll Call Vote #: 4

**2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1084**

House Industry, Business, and Labor Committee

Legislative Council Amendment Number 13.8015.01001

Action Taken: Do Pass Do Not Pass Amended ^{as} Adopt Amendment
 Rerefer to Appropriations Reconsider Consent Calendar

Motion Made By Kasper Seconded By Beadle

Representatives	Yes	No	Representatives	Yes	No
Chairman George Keiser	✓		Rep. Bill Amerman	✓	
Vice Chairman Gary Sukut	✓		Rep. Joshua Boschee	✓	
Rep. Thomas Beadle	✓		Rep. Edmund Gruchalla	✓	
Rep. Rick Becker	✓		Rep. Marvin Nelson	✓	
Rep. Robert Frantsvog					
Rep. Nancy Johnson	✓				
Rep. Jim Kasper	✓				
Rep. Curtiss Kreun	✓				
Rep. Scott Louser	✓				
Rep. Dan Ruby	✓				
Rep. Don Vigesaa	✓				

Total Yes 14 No 0
Absent 1

Floor Assignment Beadle

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1084: Industry, Business and Labor Committee (Rep. Keiser, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** and **BE REREFERRED** to the **Appropriations Committee** (14 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). HB 1084 was placed on the Sixth order on the calendar.

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Page 1, line 7, replace "subsection" with "subsections"

Page 1, line 7, after "6" insert "and 7"

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Page 7, after line 22, insert:

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Page 11, line 11, after "check" insert ", except that officers and directors of a publicly traded company and subsidiaries of the publicly traded company may not be required to submit fingerprints under this section"

Renumber accordingly

2013 HOUSE APPROPRIATIONS

HB 1084

2013 HOUSE STANDING COMMITTEE MINUTES

House Appropriations Committee Roughrider Room, State Capitol

HB 1084
2/7/13
Job 18535

Conference Committee

Committee Clerk Signature

Meredith Trachsel

Explanation or reason for introduction of bill/resolution:

A BILL for an Act to create and enact two new sections to chapter 13-05, two new sections to chapter 13-08, two new sections to chapter 13-09, and a new section to chapter 13-11 of the North Dakota Century Code, relating to a six-month extension of a collection agency license, a deferred presentment service provider license, and a money transmitter license during the 2014 calendar year, and the confidentiality of information submitted or received by the commissioner or commissioner's designee to a nationwide multistate licensing system; and to amend and reenact subsection 4 of section 6-01-07.1, sections 13-05-03, 13-05-05, 13-08-04, and 13-08-09, subsections 6 and 7 of section 13-08-12, and sections 13-09-07, 13-09-10, and 13-11-03 of the North Dakota Century Code, relating to the confidentiality of information shared with a nationwide multistate licensing system, collection agency license applications, the expiration and renewal of a collection agency license, deferred presentment service provider license applications, the expiration and renewal of a deferred presentment service provider license, deferred presentment service transaction procedures, money transmitter license applications, the expiration and renewal of a money transmitter license, and debt-settlement provider license applications.

Minutes:

You may make reference to "attached testimony."

Rep. George Keiser, District 47: Introduced the bill. The easiest way to explain HB 1084 is to look at the FN. The Financial Institutions budget is currently in the Senate.

Chairman Delzer: Questions by the committee? We'll discuss this; if we make no changes we'll probably ask your carrier to carry it. Thank you. Does anybody want to research this further?

Rep. Bellew moved Do Pass on HB 1084, seconded by **Rep. Hawken**.

Chairman Delzer: Discussion? When we have the financial institutions budget, we will want to ask them whether or not we can lower their FTE. Seeing no further discussion, a roll call vote was done. The motion carried 18 Yes, 0 No, 4 Absent. **Rep. Kempenich** will be the carrier from this committee, and the policy carrier is **Rep. Beadle**. The committee continued on to the next bill.

FISCAL NOTE
Requested by Legislative Council
01/24/2013

Amendment to: HB 1084

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

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- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

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The Department would like to convert all of our consumer division licensees to a nationwide licensing system; the system we contemplate using is owned and operated by the Conference of State Bank Supervisors. We currently use a nationwide system to license and track mortgage originators and money brokers. The nationwide system is a web-based system which would allow state-licensed entities to apply for, amend, update or renew a license online for all participating state agencies using a single set of uniform applications. The Department upgraded our records management system to be able download information from this nationwide system for our money brokers and mortgage loan originators in 2009. The license types to be converted to this system include collection agencies, deferred presentment service providers, money transmitters, and debt settlement companies. If this legislation should pass the Department would have to upgrade records management to download information for these licensees? from the nationwide system. The project includes interfacing DFI's Record Management System with data from the nationwide licensing system. The Application/Licenses for consumer licensees' would be entered/maintained using the nationwide licensing system's secure internet web site. Some of the data would need to be imported into the Oracle table(s) for our agency to be able to process Complaints and/or Exams for this data in the Department's Records Management PowerBuilder system.

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N/A

Name: Joan Becker

Agency: Department of Financial Institutions

Telephone: 7013289958

Date Prepared: 12/27/2012

FISCAL NOTE
Requested by Legislative Council
12/26/2012

Bill/Resolution No.: HB 1084

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N/A

Name: Joan Becker

Agency: Department of Financial Institutions

Telephone: 7013289958

Date Prepared: 12/27/2012

Date: 2/7/13
Roll Call Vote #: 1

2013 HOUSE STANDING COMMITTEE
ROLL CALL VOTES
BILL/RESOLUTION NO. 1084

House Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass

Motion Made By Rep. Bellew Seconded By Rep. Hawken

Representatives	Yes	No	Representatives	Yes	No
Chairman Delzer	X		Rep. Streyle	X	
Vice Chairman Kempenich	X		Rep. Thoreson		
Rep. Bellew	X		Rep. Wieland	X	
Rep. Brandenburg	X				
Rep. Dosch	X				
Rep. Grande	X		Rep. Boe		
Rep. Hawken	X		Rep. Glassheim	X	
Rep. Kreidt	X		Rep. Guggisberg	X	
Rep. Martinson	X		Rep. Holman	X	
Rep. Monson	X		Rep. Williams		
Rep. Nelson					
Rep. Pollert	X				
Rep. Sanford	X				
Rep. Skarpol	X				

Total Yes 18 No 0

Absent 4

Floor Assignment Rep. Kempenich

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1084, as engrossed: Appropriations Committee (Rep. Delzer, Chairman)
recommends **DO PASS** (18 YEAS, 0 NAYS, 4 ABSENT AND NOT VOTING).
Engrossed HB 1084 was placed on the Eleventh order on the calendar.

2013 SENATE INDUSTRY, BUSINESS, AND LABOR

HB 1084

2013 SENATE STANDING COMMITTEE MINUTES

Senate Industry, Business and Labor Committee

Roosevelt Park Room, State Capitol

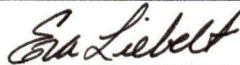
HB 1084

March 6, 2013

Job Number 19471

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to confidentiality of information shared with a nationwide multistate licensing system, collection agency license applications

Minutes:

Testimony attached

Chairman Klein: Opened the hearing.

Robert J. Entringer, Commissioner of the Department of Financial Institutions: Written Testimony Attached (1). (:30-8:40)

Chairman Klein: Asked if he was suggesting that they move to a more multistate licensing system.

Robert Entringer: Said that was pretty much the complete part of the bill. Currently the money brokers and the mortgage loan originators are on the nationwide licensing system and registry. It is anticipated that they will use that system because it is the only system that is out there but they didn't want to put that in because technically its name includes the name mortgage and so they are calling it a multistate system. (9:19-10:43)

Chairman Klein: Said in the long run would we be saving money and not having to go through this extensive reapplication or application process?

Robert Entringer: Said the cost savings to them, right now they have an online application system that would essentially be eliminated. Periodically they find errors in the system and those costs go away, it's all done by this nationwide system. It does increase the cost for the licensee; it cost one hundred dollars in addition for what they would charge for each license application. If you wanted to be licensed in thirty-three states it would cost you the license fee in those thirty-three states plus one hundred dollars per state.

Chairman Klein: Asked if it was a one-time hundred dollars.

Robert Entringer: Said it is a renewal so they would have to pay that every year.

Senator Andrist: Asked if it makes the system so easy, why do you need another hundred bucks? It sounds like all your work is being taken care of.

Robert Entringer: Said the system at this point has cost in excess of twenty million dollars to build, there are ongoing costs to maintain the system and that fee goes to the system it doesn't go to them.

Senator Andrist: Said he understood that, but if it is making his life easier, how come their fee doesn't get lowered? It seems like if we build efficiency into the system it should come out the other end.

Robert Entringer: Said good point.

Senator Sinner: Stated that they are also notified of enforcement actions in other areas through this same system.

Robert Entringer: Said they are. As well as any other potentially confidential information that another state might have on a particular entity. They would share that with other regulators and it is only accessible to anyone that licenses that company. If they're on the system but don't license that company they cannot see that information.

Senator Sorvaag: Asked how many companies are doing this.

Robert Entringer: Said to his knowledge NMLS, National Mortgage Licensing System, is the only system that does this.

Kim Granfor, North Dakota Collectors Association: Said they are a group of collection agencies in the state of North Dakota and represent the majority of the ones that are physically located here. They met with DFI prior to this bill and are in support of the bill.

Chairman Klein: Asked if this makes it easier for her organization and if she has much to do with the out of state agents or if it is all done through DFI.

Kim Granfor: Said yes, they let DFI take care of that. If they know of an agency that is rogue in the state they let DFI know.

Senator Sinner: Asked if she had members of her organization that do business in adjoining states and would they be members of this system as well.

Kim Granfor: Said yes, her agency is licensed in Minnesota also, most of their agencies are licensed in at least two states.

Chairman Klein: Closed the hearing.

Senator Murphy: Moved a do pass.

Senator Andrist: Seconded the motion.

Senate Industry, Business and Labor Committee
HB 1084
March 6, 2013
Page 3

Roll Call Vote: Yes - 7 No - 0 Absent - 0

Floor Assignment: Senator Sinner

The bill will be rereferred to Appropriations.

FISCAL NOTE
Requested by Legislative Council
01/24/2013

Amendment to: HB 1084

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2011-2013 Biennium		2013-2015 Biennium		2015-2017 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues	\$0	\$0	\$0	\$0	\$0	\$0
Expenditures	\$0	\$0	\$0	\$136,000	\$0	\$0
Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
Counties	\$0	\$0	\$0
Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

- 2 A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

To provide licensing on a nationwide web-based licensing system.

- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

The Department would like to convert all of our consumer division licensees to a nationwide licensing system; the system we contemplate using is owned and operated by the Conference of State Bank Supervisors. We currently use a nationwide system to license and track mortgage originators and money brokers. The nationwide system is a web-based system which would allow state-licensed entities to apply for, amend, update or renew a license online for all participating state agencies using a single set of uniform applications. The Department upgraded our records management system to be able download information from this nationwide system for our money brokers and mortgage loan originators in 2009. The license types to be converted to this system include collection agencies, deferred presentment service providers, money transmitters, and debt settlement companies. If this legislation should pass the Department would have to upgrade records management to download information for these licensees? from the nationwide system. The project includes interfacing DFI's Record Management System with data from the nationwide licensing system. The Application/Licenses for consumer licensees' would be entered/maintained using the nationwide licensing system's secure internet web site. Some of the data would need to be imported into the Oracle table(s) for our agency to be able to process Complaints and/or Exams for this data in the Department's Records Management PowerBuilder system.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

- A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

If this bill passes there will be no revenue affected in the executive budget.

- B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

The cost is an estimate to provide a download information for these licensees' from the nationwide system. This estimate is \$136,000 and the work would be completed by ITD. The Department of Financial Institutions has included the amount in the Contingency line item.

- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

N/A

Name: Joan Becker

Agency: Department of Financial Institutions

Telephone: 7013289958

Date Prepared: 12/27/2012

FISCAL NOTE
Requested by Legislative Council
12/26/2012

Bill/Resolution No.: HB 1084

- 1 A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

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Appropriations	\$0	\$0	\$0	\$0	\$0	\$0

- 1 B. **County, city, school district and township fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

	2011-2013 Biennium	2013-2015 Biennium	2015-2017 Biennium
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Cities	\$0	\$0	\$0
School Districts	\$0	\$0	\$0
Townships	\$0	\$0	\$0

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- B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

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- C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

N/A

Name: Joan Becker

Agency: Department of Financial Institutions

Telephone: 7013289958

Date Prepared: 12/27/2012

**2013 SENATE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1084**

Senate Industry, Business, and Labor Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Murphy Seconded By Senator Andrist

Senators	Yes	No	Senator	Yes	No
Chairman Klein	x		Senator Murphy	x	
Vice Chairman Laffen	x		Senator Sinner	x	
Senator Andrist	x				
Senator Sorvaag	x				
Senator Unruh	x				

Total (Yes) 7 No 0

Absent 0

Floor Assignment Senator Sinner

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1084, as engrossed: Industry, Business and Labor Committee (Sen. Klein, Chairman) recommends DO PASS and BE REREFERRED to the Appropriations Committee (7 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1084 was rereferred to the Appropriations Committee.

2013 SENATE APPROPRIATIONS

HB 1084

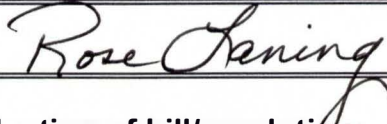
2013 SENATE STANDING COMMITTEE MINUTES

Senate Appropriations Committee Harvest Room, State Capitol

HB 1084
March 19, 2013
Job # 20107

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

This bill relates to a six-month extension of a collection agency license, a deferred presentment service provider license, and a money transmitter license during the 2014 calendar year, and the confidentiality of information submitted or received by the commissioner or commissioner's designee to a nationwide multistate licensing system

Minutes:

Testimony attached # 1

Legislative Council - Brittani Reim
OMB - Sheila Peterson

Chairman Holmberg opened the hearing on HB 1084. Roll call was taken. All committee members were present.

Chairman Holmberg said tell us about the \$136,000 and the fiscal note.

Robert Entringer, Commissioner, Department of Financial Institutions

Testified in favor of HB 1084
Testimony attached # 1

(5:25) The entities would go out to this multi-state licensing system. They would fill in all their information and attest that it is true and accurate. They can upload their financial information. The system has the capability to accept fingerprints, if we choose to do criminal background checks. It also has the capability to do credit reports. Once they've done all of that, submitted the information, it comes to our state. They can apply for licensure in as many states as they want or just one state. That information comes to the respected states. They make their decision based on the information provided and we either approve or deny the application. If it's approved, we download the data into our records management data base which enables us to continue to track complaints. That's where we estimate the costs of this \$136,000. It's that process to download it off of this nationwide system into our data base. We did not get an estimate from ITD. We've done this with the previous mortgage companies and mortgage loan originators, so we based it on that fee that we previously were billed. That's what the fiscal note relates to.

Senator Carlisle: You're all special funds? **Answer:** Yes.

Senator Kilzer: Will you still need all your FTEs if the licensing is not done by you anymore?

Robert Entringer: The licensing is still done by us so we don't see a reduction in staff as being appropriate at this time because we still have to review all the information. Basically, we're still going through the same process but they're going to a different system to input their information. We currently have an online application system now, so it's the same information and that would now come through this database.

Senator Krebsbach: This is going to be a multi-state licensing - does that still give us the privilege of denying a license if they have a license from another state?

Robert Entringer: It does. Each state makes their own decision based on their statute.

Chairman Holmberg asked the committee if they had any preference.

Senator Krebsbach moved Do Pass on HB 1084.
Senator Carlisle seconded

A roll call vote was taken. Yea: 13 Nay: 0 Absent: 0

The bill goes back to IBL and Senator Sinner will carry the bill on the floor.

FISCAL NOTE
Requested by Legislative Council
01/24/2013

Amendment to: HB 1084

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N/A

Name: Joan Becker

Agency: Department of Financial Institutions

Telephone: 7013289958

Date Prepared: 12/27/2012

FISCAL NOTE
Requested by Legislative Council
12/26/2012

Bill/Resolution No.: HB 1084

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N/A

Name: Joan Becker

Agency: Department of Financial Institutions

Telephone: 7013289958

Date Prepared: 12/27/2012

Date: 3-19-13

Roll Call Vote # 1

**2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES**

BILL/RESOLUTION NO. 1084

Senate Appropriations Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Adopt Amendment Do Pass
 Do Pass as Amended Do Not Pass

Motion Made By Krebsbach Seconded By Carlisle

Senators	Yes	No	Senator	Yes	No
Chairman Ray Holmberg	✓		Senator Tim Mathern	✓	
Co-Vice Chairman Bill Bowman	✓		Senator David O'Connell	✓	
Co-Vice Chair Tony Grindberg	✓		Senator Larry Robinson	✓	
Senator Ralph Kilzer	✓		Senator John Warner	✓	
Senator Karen Krebsbach	✓				
Senator Robert Erbele	✓				
Senator Terry Wanzek	✓				
Senator Ron Carlisle	✓				
Senator Gary Lee	✓				

Total (Yes) 13 No 0

Absent 0

Floor Assignment IBL Ben Linn

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

HB 1084, as engrossed: Appropriations Committee (Sen. Holmberg, Chairman)
recommends **DO PASS** (13 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed HB 1084 was placed on the Fourteenth order on the calendar.

2013 TESTIMONY

HB 1084



State of North Dakota

DEPARTMENT of FINANCIAL INSTITUTIONS

1084
1-15-2013

Robert J. Entringer
Commissioner

Aaron K. Webb
Assistant Commissioner

I. Lise Kruse
Chief Examiner - Banks

Corey J. Krebs
Chief Examiner - Credit Unions

CSBS ACCREDITED 1993
NASCUS ACCREDITED 2000

MEMORANDUM

DATE: January 15, 2013
TO: House Industry, Business and Labor Committee
FROM: Robert J. Entringer, Commissioner
SUBJECT: Testimony in Support of House Bill No. 1084

Chairman Keiser and members of the House Industry, Business and Labor Committee, thank you for the opportunity to testify in support of House Bill No. 1084.

Mr. Chairman and members of the Committee, House Bill No. 1084 includes amendments to Chapters 13-05, 13-08, 13-09 and 13-11 of the North Dakota Century Code relating to non-depository institutions regulated by the Department. As some background, in 2009 the Department introduced legislation designed to transition both money brokers (licensed under Chapter 13-04.1) and mortgage loan originators (licensed under Chapter 13-10) onto the Nationwide Mortgage Licensing System and Registry ("NMLS"). NMLS is a nationwide platform designed to enable

areas within the collection agency statute (13-05), deferred presentment services provider statute (13-08), money transmitter statute (13-09), and debt-settlement provider statute (13-11). It should be noted that the legislation is designed to authorize the Commissioner to participate in a nationwide multistate licensing system (“multi-state system”) generally, and does not require participation within the NMLS specifically.

Sections 1, 5, 10, and 14 of the Bill amend the application processes for licensure. These sections are amended to allow the Commissioner to establish relationships or contracts with a multi-state system for the purpose of licensure. These sections also outline the type of information that may be collected by the multi-state system. Additionally, the amendment includes provisions allowing the Commissioner to use the multi-state system as a channeling agent for requesting and distributing information within the possession of the multi-state system, such as credit reports. Finally, the amendment provides that the applicant will pay directly to the multi-state system any additional fee relating to participation within the system. Currently, this additional fee would amount to approximately one hundred dollars per licensee per year.

Sections 2, 3, 6, 8, 11 and 12 of the Bill provide for the modification of the renewal periods for licensure. Currently the expiration date for

collection agency licenses, deferred presentment service provider licenses, and money transmitter licenses fall on June 30th of each year. In order to get all licensees on a nation-wide system, the license expiration date must be uniform and so we are proposing to extend the current license period for all collection agencies, deferred presentment service providers, and money transmitters for an additional six-month period during the 2014 calendar year, so that all licenses expire on December 31. As a result of this six-month extension, and the changes to the renewal periods within the statute, every non-depository licensee regulated by the Department would be on the same renewal schedule.

Sections 4, 9, 13 and 15 of the Bill expressly provide for the ability of the Department to protect information that comes into its possession by way of a multi-state system. This is important because other state regulators are able, through the multi-state system, to provide our Department with information regarding enforcement actions taken against various companies in other states. Absent our ability to protect confidential information, it is unlikely that other states will share it. While this type of information is most likely already protected under Section 6-01-07.1(3), the amendments to these sections remove any question about the confidential nature of the information.

Section 7 of the Bill is the only amendment within the Bill that does not address participation within a multi-state system. This section makes a modification to a provision within the deferred presentment service provider chapter dealing with written contracts between the lender and borrower. Specifically, this section corrects the time period required to be disclosed by a lender relating to the maximum term of the deferred presentment transaction. As amended, the maximum term of the complete transaction (original term and renewal) could not exceed sixty calendar days, instead of sixty business days. Likewise, the term of the renewal period could not be less than fifteen calendar days, and not business days. The Department presents these two modifications as a means of reverting back to time periods existing in the statute as it was originally drafted.

The Department is offering one amendment to the proposed Bill, after consulting with the Department's legal counsel. This amendment clarifies the authority of the Department to share confidential information. The amendment relates to North Dakota Century Code section 6-01-07.1, and adds a nationwide multistate licensing system to the list of entities in which the Department is able to furnish information and enter into sharing agreements.

The Department was requested to submit a fiscal note on this Bill. The expenditure of \$136,000 relates to necessity of downloading the information captured by a nationwide system into our records management database. The \$136,000 represents our estimate of the cost for ITD to do the programming and is based on our previous costs to complete the same programming for our money brokers. No other fiscal impact is anticipated.

Mr. Chairman, thank you for the opportunity to provide this testimony, and I would be happy to answer any questions the Committee may have.

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1084

②

1084

1-15-2013

Page 1, line 7, after "reenact" insert "subsection 4 of section 6-01-07.1,"

Page 1, line 9, after "to" insert "the confidentiality of information shared with a nationwide multistate licensing system,"

Page 1, after line 14, insert:

"SECTION 1. AMENDMENT. Subsection 4 of section 6-01-07.1 of the North Dakota Century Code is amended and reenacted as follows:

4. The commissioner may furnish information and enter into sharing agreements as to matters of mutual interest to an official or examiner of the federal reserve system, federal deposit insurance corporation, federal home loan bank board, national credit union administration, office of thrift supervision, comptroller of the currency, any other federal government agency, insurance commissioner, office of the securities commissioner, regulatory trade associations, or any state bank or credit union supervisors or supervisors of other licensed entities of other states, or a nationwide multistate licensing system."

Renumber accordingly

③ HS-2013

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1084

Page 1, line 7, after "13-08-09," replace "subsection 6" with "subsections 6 and 7"

Page 7, after line 22, insert:

"SECTION 8. Subsection 7 of section 13-08-12 of the North Dakota Century Code is amended and reenacted as follows:

- 7. If a check or electronic debit is returned to the licensee from a payer financial institution due to insufficient funds, closed account, or a stop payment order, the licensee has the right to all civil remedies available to collect the obligation. The licensee may contract for and collect a returned check or electronic debit charge not to exceed ~~twenty dollars~~ the collection fees and costs authorized in subdivision c of subsection 2 of section 6-08-16. No other fee or charge may be collected as a result of a returned check or electronic debit or as a result of default by the customer in timely payment to the licensee."

Renumber accordingly

① 1-22-2013 pm (A)

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1084

Page 11, line 11, after "check" insert:

" , except that officers and directors of publicly traded companies and their subsidiaries may not be required to submit fingerprints under this section."

Renumber accordingly

(A)

(B)
attach. 1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1084

Page 1, line 7, after "reenact" insert "subsection 4 of section 6-01-07.1,"

Page 1, line 9, after "to" insert "the confidentiality of information shared with a nationwide multistate licensing system,"

Page 1, after line 14, insert:

"SECTION 1. AMENDMENT. Subsection 4 of section 6-01-07.1 of the North Dakota Century Code is amended and reenacted as follows:

4. The commissioner may furnish information and enter into sharing agreements as to matters of mutual interest to an official or examiner of the federal reserve system, federal deposit insurance corporation, federal home loan bank board, national credit union administration, office of thrift supervision, comptroller of the currency, any other federal government agency, insurance commissioner, office of the securities commissioner, regulatory trade associations, or any state bank or credit union supervisors or supervisors of other licensed entities of other states, or a nationwide multistate licensing system."

Re-number accordingly

(B)

(c)
attach 1

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1084

Page 1, line 7, after "13-08-09," replace "subsection 6" with "subsections 6 and 7"

Page 7, after line 22, insert:

"SECTION 8. Subsection 7 of section 13-08-12 of the North Dakota Century Code is amended and reenacted as follows:

7. If a check or electronic debit is returned to the licensee from a payer financial institution due to insufficient funds, closed account, or a stop payment order, the licensee has the right to all civil remedies available to collect the obligation. The licensee may contract for and collect a returned check or electronic debit charge not to exceed ~~twenty dollars~~ the collection fees and costs authorized in subdivision c of subsection 2 of section 6-08-16. No other fee or charge may be collected as a result of a returned check or electronic debit or as a result of default by the customer in timely payment to the licensee."

Renumber accordingly

(c)



State of North Dakota
**DEPARTMENT
of FINANCIAL
INSTITUTIONS**

Robert J. Entringer (1)
Commissioner

Aaron K. Webb
Assistant Commissioner

I. Lise Kruse
Chief Examiner - Banks

Corey J. Krebs
Chief Examiner - Credit Unions

CSBS ACCREDITED 1993
NASCUS ACCREDITED 2000

MEMORANDUM

DATE: March 6, 2013
TO: Senate Industry, Business and Labor Committee
FROM: Robert J. Entringer, Commissioner
SUBJECT: Testimony in Support of House Bill No. 1084

Chairman Klein and members of the Senate Industry, Business and Labor Committee, thank you for the opportunity to testify in support of House Bill No. 1084.

Mr. Chairman and members of the Committee, House Bill No. 1084 includes amendments to Chapters 13-05, 13-08, 13-09 and 13-11 of the North Dakota Century Code relating to non-depository institutions regulated by the Department. As some background, in 2009 the Department introduced legislation designed to transition both money brokers (licensed under Chapter 13-04.1) and mortgage loan originators (licensed under Chapter 13-10) onto the Nationwide Mortgage Licensing System and Registry ("NMLS"). NMLS is a nationwide platform designed to enable

participating state agencies to track financial services licensing and share information among sister regulatory agencies. NMLS was created in response to the federal SAFE - Mortgage Licensing Act, which mandated a nationwide licensing and registration system for all mortgage loan originators. One benefit of the system is that an applicant is able to simultaneously apply to multiple states by merely indicating all the states in which they would like to apply. Another benefit is that the licensee is in direct control of their own record on the system, and is able to update it without filing an additional request with the Department. Finally, this system makes the renewal procedure easier for the licensee by allowing the licensee to complete an online renewal application and submit payment electronically. While the system has many added benefits for the licensee, it also provides the Department with a uniform licensing system for all licensed entities and serves as an effective information sharing medium whereby the Department can receive valuable information from other states which can be used to protect North Dakota residents.

Based on the benefits offered by this type of system, the Department determined that it would be advantageous to transition all other non-depository entities regulated by the Department onto a nationwide multi-state licensing system. In order to implement this new licensing system,

the Bill addresses various areas within the collection agency statute (13-05), deferred presentment service provider statute (13-08), money transmitter statute (13-09), and debt-settlement provider statute (13-11). It should be noted that the legislation is designed to authorize the Commissioner to participate in a nationwide multistate licensing system ("multi-state system") generally, and does not require participation within the NMLS specifically.

Section 1 was added to this Bill as an amendment offered by the Department after consultation with our attorney. This amendment clarifies the authority of the Department to share confidential information. The amendment relates to North Dakota Century Code section 6-01-07.1, and adds a nationwide multistate licensing system to the list of entities in which the Department is able to furnish information and enter into sharing agreements. As an aside, on Page 1, line 19, the House IBL Committee overstruck the word "into"; this was not part of our proposed amendments. While it does not appear to have any substantive affect, the modification makes the sentence read awkwardly.

Sections 2, 6, 12, and 16 of the Bill amend the application processes for licensure. These sections are amended to allow the Commissioner to establish relationships or contracts with a multi-state system for the

purpose of licensure. These sections also outline the type of information that may be collected by the multi-state system. Additionally, the amendment includes provisions allowing the Commissioner to use the multi-state system as a channeling agent for requesting and distributing information within the possession of the multi-state system, such as credit reports. Finally, the amendment provides that the applicant will pay directly to the multi-state system any additional fee relating to participation within the system. Currently, we expect this additional fee would amount to approximately one hundred dollars per licensee per year. An amendment to section 12 was adopted by the House IBL committee. The amendment introduced by The Money Services Roundtable amended section 13-09-07(3)(a) to remove officers and directors of a publically traded company and subsidiaries of the publically traded company from any requirement for submission of fingerprints relating to licensure. The reason given for the amendment is that the Securities and Exchange Commission has already conducted a background check on these parties.

Sections 3, 4, 7, 10, 13 and 14 of the Bill provide for the modification of the renewal periods for licensure. Currently the expiration date for collection agency licenses, deferred presentment service provider licenses, and money transmitter licenses fall on June 30th of each year. In order to

get all licensees on a multi-state system, the license expiration date must be uniform and so we are proposing to extend the current license period for all collection agencies, deferred presentment service providers, and money transmitters for an additional six-month period during the 2014 calendar year, so that all licenses expire on December 31. As a result of this six-month extension, and the changes to the renewal periods within the statute, every non-depository licensee regulated by the Department would be on the same renewal schedule.

Sections 5, 11, 15 and 17 of the Bill expressly provide for the ability of the Department to protect information that comes into its possession by way of a multi-state system. This is important because other state regulators are able, through the multi-state system, to provide our Department with information regarding enforcement actions taken against various companies in other states. Absent our ability to protect confidential information, it is unlikely that other states will share it. While this type of information is most likely already protected under Section 6-01-07.1, the amendments to these sections remove any question about the confidential nature of the information.

Section 8 of the Bill does not address participation within a multi-state system. This section makes a modification to a provision within the

deferred presentment service provider chapter dealing with written contracts between the lender and borrower. Specifically, this section corrects the time period required to be disclosed by a lender relating to the maximum term of the deferred presentment transaction. As amended, the maximum term of the complete transaction (original term and renewal) could not exceed sixty calendar days, instead of sixty business days. Likewise, the term of the renewal period could not be less than fifteen calendar days, and not business days. The Department presents these two modifications as a means of reverting back to time periods existing in the statute as it was originally drafted.

Finally, the language found under section 9 of this Bill was introduced by the North Dakota Pawnbrokers Association as an amendment to HB 1084. The result of this amendment would be to remove the twenty dollar limit on collection fees and costs and replace it with the NSF fee limitation found under 6-08-16(2)(c). As a result of the foregoing, a payday lender would be able to assess collection fees or costs not in excess of the current thirty-five dollar limit and would entitle the licensee to seek civil penalties.

The Department was requested to submit a fiscal note on this Bill. The expenditure of \$136,000 relates to the necessity of downloading the information captured by a nationwide system into our records management

database. The \$136,000 represents our estimate of the cost for ITD to do the programming and is based on our previous costs to complete the same programming for our money brokers. No other fiscal impact is anticipated.

Mr. Chairman, thank you for the opportunity to provide this testimony, and I would be happy to answer any questions the Committee may have.



State of North Dakota

DEPARTMENT
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INSTITUTIONS

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Commissioner

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I. Lise Kruse
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Corey J. Krebs
Chief Examiner - Credit Unions

CSBS ACCREDITED 1993
NASCUS ACCREDITED 2000

/

MEMORANDUM

DATE: March 19, 2013
TO: Senate Appropriations Committee
FROM: Robert J. Entringer, Commissioner
SUBJECT: Testimony in Support of House Bill No. 1084

Chairman Holmberg and members of the Senate Appropriations Committee, thank you for the opportunity to testify in support of Engrossed House Bill No. 1084.

Mr. Chairman and members of the Committee, Engrossed House Bill No. 1084 includes amendments to Chapters 13-05, 13-08, 13-09 and 13-11 of the North Dakota Century Code relating to non-depository institutions regulated by the Department. As some background, in 2009 the Department introduced legislation designed to transition both money brokers (licensed under Chapter 13-04.1) and mortgage loan originators (licensed under Chapter 13-10) onto the Nationwide Mortgage Licensing System and Registry ("NMLS"). NMLS is a nationwide platform designed

to enable participating state agencies to track financial services licensing and share information among sister regulatory agencies. NMLS was created in response to the federal SAFE - Mortgage Licensing Act, which mandated a nationwide licensing and registration system for all mortgage loan originators. One benefit of the system is that an applicant is able to simultaneously apply to multiple states by merely indicating all the states in which they would like to apply. Another benefit is that the licensee is in direct control of their own record on the system, and is able to update it without filing an additional request with the Department. Finally, this system makes the renewal procedure easier for the licensee by allowing the licensee to complete an online renewal application and submit payment electronically. While the system has many added benefits for the licensee, it also provides the Department with a uniform licensing system for all licensed entities and serves as an effective information sharing medium whereby the Department can receive valuable information from other states which can be used to protect North Dakota residents.

Based on the benefits offered by this type of system, the Department determined that it would be advantageous to transition all other non-depository entities regulated by the Department onto a nationwide multi-state licensing system. In order to implement this new licensing system,

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