



STATE OF CALIFORNIA

Department of Financial Protection and Innovation

GOVERNOR **Gavin Newsom** · ACTING COMMISSIONER **Christopher S. Shultz**

**FIFTH NOTICE OF MODIFICATIONS TO PROPOSED REGULATIONS
UNDER THE CALIFORNIA FINANCING LAW**

PRO 02/17

**Applications and Filings Through NMLS and
Licensure of PACE Program Administrators**

To Interested Persons:

On October 25, 2019, the Commissioner of Financial Protection and Innovation (Commissioner) published a Notice of Rulemaking Action to adopt and amend various regulations under the California Financing Law regarding the oversight of program administrators and transitioning license records and processes onto the Nationwide Multistate Licensing System and Registry (NMLS). The Commissioner proposed modifications on May 27, 2020, September 2, 2020, November 18, 2020, and December 29, 2020.

With this notice, the Commissioner is proposing additional modifications. A copy of the proposed revisions is being made available to the public in accordance with the requirements of Government Code section 11346.8(c). The text showing modifications is attached. The additions to the rules as previously proposed are shown in single underline, and the deletions to the rules as previously proposed are shown in single strike-out. The fifth modifications to the text proposed by this notice are shown by double underlining of additions and double strike-out of deletions. The public may submit comments on the proposed changes, as described more fully below.

DESCRIPTION OF CHANGES

Subdivision (l) of Section 1404

The proposed amendments change the term “equity securities” to “equity interests.”

Subdivisions (a) through (c) of Section 1422 and Subdivision (b) of Section 1423

The proposed amendments (1) clarify the date that license applicants must apply through NMLS, (2) clarify the individuals who are subject to an investigation and background check, and (3) eliminate the reference to an obsolete form.

Subdivision (b) of Section 1422.4

The proposed amendments clarify the effective date for filing through NMLS.

Subparagraph (a)(3)(A) of Section 1422.5

The proposed amendment clarifies that an individual with the power to direct the management or policy of the applicant must submit personal history information and fingerprints for a background check.

Paragraph (a)(5) of Section 1422.5

The proposed amendment clarifies information to be submitted through NMLS.

Paragraph (a)(7) and Subparagraph (a)(11)(F) of Section 1422.5

The proposed amendments clarify when the Department may request additional documentation in an application.

Paragraph (a)(8) of Section 1422.5

The proposed amendments clarify how to provide information on other business through NMLS.

Paragraphs (a)(15), (a)(16), and (e)(10) of Section 1422.5

The proposed amendments revise cross references as a result of other proposed amendments in this notice.

Subdivision (e) of Section 1422.5

The proposed amendment removes unnecessary language.

Paragraph (e)(3) of Section 1422.5

The proposed amendment clarifies the documentation to be submitted to NMLS.

Paragraph (a)(4) of Section 1422.5.1

The proposed amendment clarifies that a program administrator's training program is required as part of the application.

Subdivision (b) of Section 1422.5.1

The proposed amendment removes unnecessary language.

Paragraph (c)(3) of Section 1437

The proposed amendment conforms the language to that approved by the Department of Justice.

Clause (d)(3)(C)(5) of Section 1620.11

The proposed amendment adds a cross-reference.

Paragraph (c)(3) of Section 1620.13

The proposed amendment revises a standard for the enrollment of a PACE solicitor.

Subparagraph (b)(2)(A) of Section 1620.14

The proposed amendment clarifies a method for monitoring and testing compliance.

Subparagraph (a)(2)(A) and (C) of Section 1620.19

The proposed amendments clarify the information to be submitted in the annual report.

THE HEARING FILE

The initial statement of reasons for the proposed action containing all the information upon which the proposal is based is available on the Department of Financial Protection and Innovation's website at www.dfpi.ca.gov, and from the Legal Division of the Department of Financial Protection and Innovation. As required by the Administrative Procedure Act, the Legal Division maintains a hearing file containing all the information upon which the proposal is based. The rulemaking file is available for public inspection during regular business hours. Comments or inquiries concerning these proposed regulation changes may be directed to Colleen Monahan at (916) 576-4952.

15-DAY COMMENT PERIOD

Any interested person may submit written comments regarding these second modifications by written communication addressed as follows:

Commissioner of Financial Protection and Innovation
Attn: Colleen Monahan, Senior Counsel, Legal Division
2101 Arena Boulevard
Sacramento, CA 95834

Comments must be received by July 22, 2021. Written comments may also be sent by electronic mail to regulations@dfpi.ca.gov with a copy to colleen.monahan@dfpi.ca.gov.

The proposed changes to the Commissioner's rules in the text accompanying this notice are not yet effective and will not be effective until approved by the Office of Administrative Law and filed with the Secretary of State in accordance with Government Code section 11349.3. Questions regarding the content of this notice may be directed to Colleen Monahan at (916) 576-4952.

Dated: July 7, 2021
Sacramento, California