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HOUSE BILL NO. 1307

Offered January 16, 2026

A BILL to amend and reenact §§ 6.2-1600, 6.2-1605, and 6.2-1608 of the Code of Virginia, relating to mortgage lenders and brokers; criminal history records check.

Patron—Helmer

Committee Referral Pending

Be it enacted by the General Assembly of Virginia:

1. That §§ 6.2-1600, 6.2-1605, and 6.2-1608 of the Code of Virginia are amended and reenacted as follows:

§ 6.2-1600. Definitions.

As used in this chapter, unless the context requires a different meaning:

"Entity" means any corporation, partnership, association, cooperative, limited liability company, trust, joint venture, or other legal or commercial entity.

"FBI-approved channeler" means a private contractor that has been authorized by the Federal Bureau of Investigation to electronically submit fingerprints to the Federal Bureau of Investigation and receive national criminal history record information on behalf of authorized recipients.

"Licensee" means a mortgage lender or mortgage broker licensed by the Commission pursuant to this chapter.

"Mortgage broker" means any person who directly or indirectly negotiates, places or finds mortgage loans for others, or offers to negotiate, place or find mortgage loans for others. Any licensed mortgage lender that, pursuant to an executed originating agreement with the Virginia Housing Development Authority, acts or offers to act as an originating agent of the Virginia Housing Development Authority in connection with a mortgage loan shall not be deemed to be acting as a mortgage broker with respect to such mortgage loan but shall be deemed to be acting as a mortgage lender with respect to such mortgage loan, notwithstanding that the Virginia Housing Development Authority is or would be the payee on the note evidencing such mortgage loan and that the Virginia Housing Development Authority provides or would provide the funding of such mortgage loan prior to or at the settlement thereof.

"Mortgage lender" means any person who directly or indirectly originates or makes mortgage loans.

"Mortgage loan" means a loan made to an individual, the proceeds of which are to be used primarily for personal, family or household purposes, which loan is secured by a mortgage or deed of trust upon any interest in one- to four-family residential property located in the Commonwealth, regardless of where made, including the renewal or refinancing of any such loan, but excluding (i) loans to persons related to the lender by blood or marriage and (ii) loans to persons who are bona fide employees of the lender. "Mortgage loan" shall not include any loan secured by a mortgage or deed of trust upon any interest in a more than four-family residential property or property used for a commercial or agricultural purpose.

"Nationwide Mortgage Licensing System and Registry" or "Registry" means the mortgage licensing and registration system developed and maintained by the Conference of State Bank Supervisors and the American Association of Residential Mortgage Regulators.

"Office" means a location other than a licensee's principal place of business where (i) the licensee negotiates, places, finds, or makes Virginia mortgage loans; (ii) the licensee's name, advertising or promotional materials, or signage indicates that the licensee negotiates, places, finds, or makes Virginia mortgage loans from the location; or (iii) the licensee maintains books, accounts, or records of Virginia mortgage loans. A remote location is not an office if the requirements set forth in subsection F of § 6.2-1607 are met.

"Person" means any individual or entity.

"Principal" means any person who, directly or indirectly, owns or controls a 10 percent or greater interest in any entity.

"Remote location" means a location, other than a licensee's principal place of business or office, at which the employees or exclusive agents of a licensee may conduct business if the requirements set forth in subsection F of § 6.2-1607 are met.

"Residential property" means improved real property used or occupied, or intended to be used or occupied, for residential purposes.

§ 6.2-1605. Investigation of applications.

A. The Commissioner may make such investigations as he deems necessary to determine if the applicant has complied with all applicable provisions of law and regulations.

B. For the purpose of investigating individuals who are members, senior officers, directors, and principals

of an applicant, such persons shall consent to a national ~~and state~~ criminal history records check and submit to fingerprinting. Each member, senior officer, director, and principal shall pay for the cost of such fingerprinting and criminal records check. Such persons shall cause their fingerprints, personal descriptive information, and records check fees to be submitted to either of the following, as prescribed by the Commission:

1. ~~The Commissioner~~ *An FBI-approved channeler, who* ~~which~~ shall forward these items to the Central Criminal Records Exchange. The Central Criminal Records Exchange shall (i) conduct a search of its own criminal history records and forward such individuals' fingerprints and personal descriptive information to the Federal Bureau of Investigation for the purpose of obtaining national criminal history record information search regarding such individuals; and (ii) forward the results of the state ~~and~~ national records search to the Commissioner or his designee, who shall be an employee of the Commission; or

2. The Registry, provided that it is capable of processing such criminal history records check.

C. If any member, senior officer, director, or principal of an applicant fails to cause his fingerprints, personal descriptive information, or records check fees to be submitted in accordance with subsection B, the application for licensure as a mortgage lender or mortgage broker shall be denied.

§ 6.2-1608. Acquisition of control; application.

A. Except as provided in this section, no person shall acquire directly or indirectly 25 percent or more of the voting shares of a corporation or 25 percent or more of the ownership of any licensee unless such person first:

1. Files an application with the Commission in such form as the Commissioner may prescribe from time to time;

2. Delivers such other information to the Commissioner as the Commissioner may require concerning the financial responsibility, background, experience, and activities of the applicant, its directors, senior officers, principals and members, and of any proposed new directors, senior officers, principals, or members of the licensee;

3. Submits and furnishes to the Commissioner information concerning the identity of the directors, senior officers, principals, and members of the applicant, and of any proposed new directors, senior officers, principals, or members of the licensee. Such individuals shall (i) consent to a national ~~and state~~ criminal history records check, submit to fingerprinting, and pay for the cost of such fingerprinting and criminal records check; and (ii) cause their fingerprints, personal descriptive information, and records check fees to be submitted to either of the following, as prescribed by the Commission:

a. ~~The Commissioner~~ *An FBI-approved channeler, who* ~~which~~ shall forward these items to the Central Criminal Records Exchange. The Central Criminal Records Exchange shall (i) conduct a search of its own criminal history records and forward such individuals' fingerprints and personal descriptive information to the Federal Bureau of Investigation for the purpose of obtaining national criminal history record information search regarding such individuals; and (ii) forward the results of the state ~~and~~ national records search to the Commissioner or his designee, who shall be an employee of the Commission; or

b. The Registry, provided that it is capable of processing such criminal history records checks; and

4. Pays such application fee as the Commission may prescribe.

B. Upon the filing and investigation of an application, the Commission shall permit the applicant to acquire the interest in the licensee if it finds that the applicant, its members if applicable, its directors, senior officers and principals, and any proposed new directors, members, senior officers and principals have the financial responsibility, character, reputation, experience and general fitness to warrant belief that the business will be operated efficiently and fairly, in the public interest, and in accordance with law. The Commission shall grant or deny the application within 60 days from the date a completed application accompanied by the required fee is filed unless the period is extended by order of the Commissioner reciting the reasons for the extension. If the application is denied, the Commission shall notify the applicant of the denial and the reasons for the denial. If an applicant or any individual specified in subdivision A 3 fails to comply with the requirements of this section, the application shall be denied.

C. The provisions of this section shall not apply to (i) the acquisition of an interest in a licensee directly or indirectly including an acquisition by merger or consolidation by or with another licensee or a person exempt from this chapter under the provisions of subdivisions 2 through 11 of § 6.2-1602, (ii) the acquisition of an interest in a licensee directly or indirectly including an acquisition by merger or consolidation by or with a person affiliated through common ownership with the licensee, or (iii) the acquisition of an interest in a licensee by a person by bequest, descent, or survivorship or by operation of law. The person acquiring an interest in a licensee in a transaction which is exempt from filing an application by this subsection shall send written notice to the Commissioner of such acquisition within 30 days of its closing.