and (d)(1) are registered with the NMLSR.

(d) The supervisory authority must be required under state law to regularly report violations of such law, as well as enforcement actions and other relevant information, to the NMLSR.

(e) The supervisory authority must have a process in place for challenging information contained in the NMLSR.

(f) The supervisory authority must require a loan originator to ensure that all residential mortgage loans that close as a result of the loan originator engaging in activities described in § 3400.103(b)(1) are included in reports of condition submitted to the NMLSR. Such reports of condition shall be in such form, shall contain such information, and shall be submitted with such frequency and by such dates as the NMLSR may reasonably require.

§ 3400.113 Performance standards.

(a) For HUD to determine that a state is providing effective supervision and enforcement, a supervisory authority must meet the following performance standards:

1. The supervisory authority must participate in the NMLSR;
2. The supervisory authority must approve or deny loan originator license applications and must renew or refuse to renew existing loan originator licenses for violations of state or Federal law;
3. The supervisory authority must discipline loan originator licensees with appropriate enforcement actions, such as license suspensions or revocations, cease-and-desist orders, civil money penalties, and consumer refunds for violations of state or Federal law;
4. The supervisory authority must examine or investigate loan originator licensees in a systematic manner based on identified risk factors or on a periodic schedule.

(b) A supervisory authority that is accredited under the Conference of State Bank Supervisors-American Association of Residential Mortgage Regulators Mortgage Accreditation Program will be presumed by HUD to be compliant with the requirements of this section.

§ 3400.115 Determination of non-compliance.

(a) Evidence of compliance. Any time a state enacts legislation that affects its compliance with the SAFE Act, it must notify HUD. Upon request from HUD, a state must provide evidence that it is in compliance with the requirements of the SAFE Act and this part, including citations to applicable state law, and regulations; descriptions of processes followed by the state’s supervisory authority; and data concerning examination, investigation, and enforcement actions.

(b) Initial determination of noncompliance. If HUD makes an initial determination that a state is not in compliance with the SAFE Act, HUD will notify the state and will publish, in the Federal Register, a notice providing HUD’s initial determination and presenting the opportunity for public comment for a period of no less than 30 days. This public comment period will allow the residents of the state and other interested members of the public to comment on HUD’s initial determination.

(c) Final determination of noncompliance. In making a final determination of noncompliance, HUD will review additional information that may be offered by a state and the comments submitted during the public comment period described in paragraph (b) of this section. If HUD makes a final determination that a state does not have in place by law or regulation a system that complies with the minimum requirements of the SAFE Act, as described in this part, HUD will publish that final determination in the Federal Register.

(d) Good-faith effort to comply. If HUD makes the final determination described in paragraph (c) of this section, but HUD finds that the state is making a good-faith effort to meet the requirements of 12 U.S.C. 5104, 5105, 5107, and this subpart, HUD may grant the state a period of not more than 24 months to comply with these requirements. If an extension is granted to the state in accordance with this paragraph (d), then HUD will provide an additional initial and final determination process before it determines that the...