



One Hundred First Legislature - Second Session - 2010
Introducer's Statement of Intent
LB 892

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: January 26, 2010

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 892 is a bill introduced at the request of the Nebraska Department of Banking and Finance. Its primary purpose is to update and clarify provisions of the Residential Mortgage Licensing Act (RMLA) and the Installment Loan Act (ILA) as these acts relate to mortgage loan originators and reverse mortgages.

The bill would provide for the following changes:

Section 1 would amend section 8-702 of the State-Federal Cooperation Acts to change the deadline for registration of mortgage loan originators employed by banks from July 31, 2010, to July 31, 2010 or sixty days past the date that the Nationwide Mortgage Licensing System and Registry is capable of accepting such registration, whichever occurs later. This recognizes an expected delay in implementation of the registration system that the states were recently advised of.

Section 2 would amend section 8-101.04 relating to general interest rates to change a reference for reverse mortgages from section 45-1068 to new section 5 of the bill.

Section 3 would incorporate new section 5 of the bill into the RMLA.

Section 4 would amend section 45-701 of the RMLA to include a definition of a reverse mortgage loan.

Section 5 is a new law to provide requirements for reverse mortgage loans under the RMLA. The requirements are transitioned, with language updates, from section 45-1068 of the ILA.

Section 8 would amend section 45-724 to clarify bonding requirements for registrants under the RMLA.

Section 14 would amend section 45-737 to clarify the requirement that a licensee shall notify the Department of Banking and Finance no later than three days after the filing of a bankruptcy by the licensee or against the licensee, whether voluntary or involuntary; and to provide that a

licensee shall notify the department within thirty days after the occurrence of a material development other than those currently enumerated in the law.

Section 16 would amend section 45-742 to provide that the Director of Banking and Finance may impose administrative action under the RMLA if a licensee knowingly employs or contracts with an individual if such individual (i) has had a mortgage loan originator license revoked in any state, unless such revocation was subsequently vacated or (ii) has a mortgage loan originator license suspended by the director. Section 16 also provides the director the authority to refuse to accept the surrender of a license if an investigation, examination, or administrative disciplinary action is in process at the time of the attempted license surrender.

Section 21 would amend section 45-1018 to clarify that as of January 1, 2011, installment loan licensees will be required to file both financial statements and mortgage reports of condition with the Department of Banking and Finance. Current law indicates the documents could be combined.

Section 25 provides the amendatory repeal provisions for the bill.

Section 26 provides the emergency clause.

LB 892 also updates word choices and corrects cross-referencing throughout the RMLA and the ILA. The majority of these changes were suggested by the bill drafter:

- Section 6, 7, 9, and 10 update word choices in sections 45-704, 45-705, 45-725, 45-726, respectively.
- Sections 11 amends section 45-728 to update a citation reference to the Fair Credit Act and update the effective date of reference to that act.
- Sections 12 and 13 update word choices in sections 45-730 and 45-733.
- Section 15 amends section 45-741 to update the referencing language to registrants.
- Section 17 amends section 45-748 to correct a reference to inclusive language.
- Section 18 would amend section 45-749 to correct the placement of the subsection authorizing sharing arrangements with other agencies and associations representing government agencies.
- Section 19 would amend section 45-1002 to update cross-references.
- Section 20 would correct a word choice in section 45-1005.
- Section 22 would update Section 45-1033.01 to correct references to persons under the ILA who may be subject to background checks and who have the right to challenge information entered into the NMLS.
- Section 23 would revise section 45-1033.02 to correct references to persons under the ILA and correct the placement of the subsection authorizing sharing arrangements with other agencies and associations presenting government agencies.
- Section 24 would amend Section 45-1068 to update terms in accordance with the RMLA.

Principal Introducer:

Senator Rich Pahls