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Banking, Commerce and Insurance Committee
January 26, 2010

[LB890 LB891 LB892]

The Committee on Banking, Commerce and Insurance met at 1:30 p.m. on Tuesday, January 26, 2010, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB890, LB891, and LB892. Senators present: Rich Pahls, Chairperson; Pete Pirsch, Vice Chairperson; Mark Christensen; Mike Gloor; Chris Langemeier; Beau McCoy; Dave Pankonin; and Dennis Utter. Senators absent: None. []

SENATOR PAHLS: Good afternoon. I want to welcome you to Banking, Commerce and Insurance Committee hearing. My name is Rich Pahls, and I'm from Omaha, and I represent District 31. And we are going to take the bills up in the order posted: LB890, (LB)891, and (LB)892. And, of course, to better facilitate today's meeting, have you take a look over some of our procedures over there, and as I look at the crowd, most of you already understand those procedures, so I'm not going to spend a lot of time on that. And today, of course, the bills are the banking committee's bills from the banking department so that will cause things probably to move very fast today, right? And if you do have written testimony, we do ask for ten copies, and we will distribute those. Again, I'm looking across the group out there, and you all look very, very familiar. And to my immediate right over here, we have committee counsel, Bill Marienau. All the way over there, the person who can turn us off just by the push of a button, so that we have to be nice to committee clerk, Jan Foster. To get things moving, I think we will start over here with the introductions, self introductions of the committee members. []

SENATOR UTTER: I'm Dennis Utter from District 33. []

SENATOR LANGEMEIER: Chris Langemeier, Schuyler. []

SENATOR PIRSCH: Pete Pirsch, District 4, Omaha. []

SENATOR McCOY: Beau McCoy, Elkhorn. []

SENATOR GLOOR: Mike Gloor, Grand Island. []

SENATOR CHRISTENSEN: Mark Christensen, Imperial. []

SENATOR PAHLS: And we have Abbie in the back is from Omaha. She's one of the pages, and we also...then we have Alex all the way from Scottsbluff. Again, I said, we will do the bills in order, (LB)890, (LB)891, and (LB)892. Although my name is on them, I'm carrying those for the Department of Banking, and I think I will start the meeting as soon as the director is ready to come forth. Good afternoon, Director. Good seeing you. []

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JOHN MUNN: (Exhibit 1) Chairperson Pahls. Chairperson Pahls, members of the Banking, Commerce, and Insurance Committee, my name is John Munn. Last name is spelled M-u-n-n. I'm director of the Nebraska Department of Banking and Finance. I'm appearing today in support of LB890 which was introduced at the request of the department to update laws which relate to financial institutions under the jurisdiction of the department. LB890 proposes two changes for uniform notice requirements. The first change would amend the savings association law to require that notices be sent to other financial institutions in the affected county by first-class mail or electronic mail and by amending the Credit Union Act to change the certified mail notice requirement to a first-class mail requirement or e-mail, if the credit union agrees in advance. Second, LB890 would add language to notice requirement laws to allow financial institutions which have more than one office to designate one office where the notices are to be sent. In counties such as Douglas, Lancaster, and Sarpy, it is not unusual for financial institutions to have numerous offices while other counties such as Buffalo and Hall are host to branches of banks with main offices in another county. The department has received requests from financial institutions in these situations, asking that application notices be directed to a single office or solely to the main office. We believe this change will provide for efficiencies in the notice process and allow more timely responses from concerned institutions. Two sections of LB890 address the penalty statutes for violations of the bank lending limit which is the maximum amount that a bank can lend to any one borrower. Under section 8-142, violations of the lending limit are now Class IV misdemeanors, which, under the Nebraska Criminal Code, carry a minimum penalty of a \$100 fine, and a maximum penalty of a \$500 fine with no imprisonment. Section 2 would replace that penalty with a four-tiered system of penalties tied to the loss which the bank incurs or the amount by which the violation exceeds the lending limit. The section is patterned after the theft-grading laws. The proposed penalties under section 2 range from a maximum Class IV felony designation when the violation, either separately or as part of one scheme or course of conduct, results in the failure of the institution, to a minimum Class III misdemeanor designation when there is no loss to the institution, but the lending limit is exceeded by \$10,000 but not more than \$20,000. Conduct which led to Nebraska's one bank failure in 2009 prompted the department to request these amendments. The next area addressed by LB890 is found in section 5 of the bill. This section proposes to amend section 8-183.04 of the Nebraska Banking Act to provide that the calculation and type of capital necessary for mutual banks shall be the same as required for federal mutual savings associations under 12 CFR, Part 567, unless the department determines that the capital is impaired. If that occurs, section 5 authorizes the department to demand additional capital. Mutual banks were authorized by the Legislature in 1998 as a means of allowing mutual savings and loan associations to convert to a state bank charter while retaining their mutual form of ownership. These banks have member shares rather than capital stock. Because of this, adjustments should be made in other banking act statutes which reference capital accounts and/or calculations based on capital--for example, the lending limit. The need for this clarification was raised when a federal mutual savings association recently submitted

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preliminary documents for conversion to a state bank charter. Sections 6, 8, and 14 respectively reenact the wild-card statutes for banks, savings and loan associations, and credit unions. Sections 8-1,140, 8-355, and 21-17,115 provide parity between state chartered depository financial institutions and their federal counterparts. These laws must be reenacted on an annual basis due to the Nebraska Constitution. The wild-card laws must provide that the parity exists as of a certain date. In past years, that date was set as the effective date of the act and generally carried an emergency clause. LB890, however, proposes to set the parity date in these three sections as January 1, 2010, to forestall any possible circumstance where a federal law or regulation adopted in the period between legislative adoption and gubernatorial signature would be parity-covered even though the Legislature was not aware of the federal change. The emergency clause is requested for these three provisions. Sections 10 and 11 propose an amendment to the Nebraska Banking (sic: Bank) Holding Company Act. Section 11 proposes a new law to provide the department with the authority to take corrective administrative action when a bank holding company's officer or director is engaging in acts detrimental to the bank holding company or a subsidiary bank. Corrective action would include, but not be limited to, removal of such persons from their positions and imposition of fines. The department has long had the authority to take such administrative action against bank executive officers and members of a bank's board of directors. The proposed amendment to section 8-908 will extend the enforcement authority to holding company officials following notice and hearing. Section 12 would amend section 8-1502 relating to the change of control process for banks and trust companies. This proposal would create an additional exception for the specific situation where the individual owner or owners of the institution's stock create a trust for estate planning purposes, control the trust, and the trust holds the stock for the individuals in the exact same proportion as was personally owned. The department believes the lengthy change of control process is not needed in these situations because, for all practical purposes, the new owners are identical to the past owners. Inheritance and gift transfers require a post-transaction notice to the department. LB890 requires a prior notice filing for the new exception, so that if the proposed transfer is not purely form over substance, then the full approval process could be required. I want to thank Senator Pahls for sponsoring these updates to the financial institution laws. I'll be happy to answer any questions. Thank you. [LB890]

SENATOR PAHLS: Senator Gloor. [LB890]

SENATOR GLOOR: Thank you, Chairman Pahls. Director Munn, the issue of uniform notice requirements being sent to main offices--does this also relate to interstate banking? In other words, if you've got a main office that's located out-of-state with branches in the state of Nebraska. [LB890]

JOHN MUNN: If we supervise the bank who is making the request and they have a branch in some area outside of Nebraska, yes, that would be necessary on a county

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basis. [LB890]

SENATOR GLOOR: And asking a question...I'm asking a question now about the fines, penalty statutes. Are those penalties against the institution or are they against individuals within the institution? [LB890]

JOHN MUNN: Against the individuals. [LB890]

SENATOR GLOOR: Okay. [LB890]

JOHN MUNN: Um-hum. [LB890]

SENATOR GLOOR: Okay. As...okay. [LB890]

JOHN MUNN: That perpetrated the violation of the lending limit. [LB890]

SENATOR GLOOR: Okay, thank you. [LB890]

SENATOR PAHLS: Senator Utter. [LB890]

SENATOR UTTER: Thank you, Senator Pahls. Director Munn, looking at the sections in 8-142, and changing those felony provisions from the...to the Class IV felony in one situation to the Class III misdemeanor in another, and it doesn't mention...it mentions...doesn't mention what the fines. Is there a limit on fines? Is that strictly your discretion, or is there a schedule of what the fines would be in those cases? [LB890]

JOHN MUNN: I'd have to ask my counsel. Uh-huh, yes. Apparently, this would mirror the Nebraska Criminal Code. For instance, a Class IV felony, maximum five years' imprisonment or \$10,000 fine. [LB890]

SENATOR UTTER: And you impose those fines, is that correct? It's not imposed by a court of law or it is? [LB890]

JOHN MUNN: We would work through the Attorney General's Office. [LB890]

SENATOR UTTER: And then the fines would be assessed there. Okay, thank you. [LB890]

JOHN MUNN: Um-hum. [LB890]

SENATOR PAHLS: Point of clarification. [LB890]

BILL MARIENAU: Criminal penalties, aren't they? [LB890]

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SENATOR PIRSCH: These aren't civil penalties. This is a criminal matter, a criminal cause of action? [LB890]

JOHN MUNN: Yeah, which we would not do. Yeah. [LB890]

SENATOR PAHLS: We'll get that cleared up. Senator Pirsch, do you have a question? [LB890]

SENATOR PIRSCH: And previous to this, these notices have been...they have been sent in the past, correct, but not via electronic processes, is that right or? [LB890]

JOHN MUNN: Correct. [LB890]

SENATOR PIRSCH: So this would add the... [LB890]

JOHN MUNN: Correct. [LB890]

SENATOR PIRSCH: ...ability to make it quicker and cheaper essentially. [LB890]

JOHN MUNN: Right. The changes made in a recent session and notification on bank changes, and you approved removing the requirements of certified mail because it was quite expensive. And now this covers additional institutions. [LB890]

SENATOR PIRSCH: And the institution can designate the manner in which it wishes to receive this notice. If there's a...and the purpose of the notice...well, what is, just in general, the purpose of the notice, what the reason warrants? [LB890]

JOHN MUNN: Usually an institution wishes to place a new office in that market, and under state statute notice needs to be given to any financial services providers in that county. [LB890]

SENATOR PIRSCH: Okay. [LB890]

JOHN MUNN: And in some instances like was mentioned in Sarpy and Lancaster and Douglas, a larger bank may have eight or ten branches within that one county, so to meet the statute, eight or ten notices have had to be sent. [LB890]

SENATOR PIRSCH: Yeah, so it seems reasonable to use electronic methods to notify these...yeah. [LB890]

JOHN MUNN: Yes, wherever possible. [LB890]

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SENATOR PIRSCH: Well, I...I appreciate...I appreciate that. That's all the questions I have. [LB890]

SENATOR PAHLS: Seeing no more questions, thank you, Director. Proponents? [LB890]

ROBERT HALLSTROM: Chairman Pahls and members of the committee, my name is Robert J. Hallstrom. I appear before you today as a registered lobbyist for the Nebraska Bankers Association to testify in support of LB890. Director Munn has referenced many of the provisions in the bill that the NBA is supportive of, the clarification and streamlining of the notice requirements to banks, the wild-card bank and S&L statutes, the mutual bank capital requirements, and the change in control provisions relating to the transfer of stock ownership to an individual trust. For those reasons, we support the bill, and be happy to address any questions that the committee might have. [LB890]

SENATOR PAHLS: Seeing no questions, thank you. [LB890]

ROBERT HALLSTROM: Thank you. [LB890]

SENATOR PAHLS: Proponents? [LB890]

BRANDON LUETKENHAUS: Thank you, Mr. Chairman, members of the Banking, Commerce and Insurance Committee. My name is Brandon Luetkenhaus, B-r-a-n-d-o-n L-u-e-t-k-e-n-h-a-u-s, and I appear before you today in support of LB890. I want to thank Senator Pahls and Director Munn and their staffs for their collective hard work on this piece of legislation. LB890 contains the credit union wild-card provision as the director mentioned, and that's extremely important to our state-chartered credit unions because it provides clarity to those areas not specifically addressed by state statutes and extends to our state-chartered credit unions the same rights, powers, and privileges that our federal-chartered credit unions currently have or have, therefore, providing parity to our state charters. So we also support the technical changes made regarding the notices. [LB890]

SENATOR PAHLS: Any questions for Brandon? Seeing none, thank you, appreciate it. Any more proponents? Opponents? Neutral? Well, that will close the hearing on LB890. LB891 is open, and again, I will ask the director to come forth and give us some information. I appreciate that. We'll be able to see you a lot today. (Laugh) [LB890]

JOHN MUNN: (Exhibit 1) Chairperson Pahls, members of the Banking, Commerce and Insurance Committee, my name is John Munn. Last name is spelled M-u-n-n. I'm director of the Nebraska Department of Banking and Finance. I'm appearing today on behalf of the department in support of LB891 which was introduced at the request of the department. Over 130 banks were closed last year in the United States. One of those

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closings occurred in Nebraska. Prior to the closing of any bank, there is a zealous attempt by the bank's primary regulator and by the Federal Deposit Insurance Corporation, the FDIC, to provide and acquiring...to find an acquiring bank to step in and assume the liabilities and purchase assets originating from the failing bank. This action helps to ensure that there is an ongoing banking connection for the bank's customers and the bank's community. When a state bank is closed in Nebraska, the department wants to cause as little disruption to the bank's customers and the affected communities as possible. Sometimes the attempt to find an acquiring bank for the failing bank is easier said than done. The failing bank may not fit into another bank's business plan; the location of the bank may not be a match for another bank; and the timing of this new acquisition may not be optimal for a potential acquiring bank. The difficulties may be numerous. Under both Nebraska and federal law, the FDIC as the insurer of deposit accounts will be named receiver of failed Nebraska banks. The FDIC conducts a bid process on the failing bank and its attempt to find a purchaser. At the present time, however, the FDIC allows only existing banks to bid on failing banks. This requirement is rooted in the need for a bank to be run by experienced professionals with special knowledge. A bank needs sufficient capital for start-up and continued operations; it needs FDIC insurance. Operating a successful bank requires many properly moving and coordinated parts. LB891, in essence, will broaden the definition of banks that can apply to acquire assets and liabilities of a failing bank without losing the requirements necessary to operate a bank successfully. LB891 offers a new concept: the conditional charter, more generally referred to as a shelf charter. A conditional charter is intended to be used solely for an individual or group of individuals to be able to bid on assets and liabilities of a financial institution that is troubled or in danger of failing. The distressed institution must be located in Nebraska or currently operate a branch in Nebraska, and it may be state or nationally chartered. To obtain a conditional charter, an application made to the department must provide detailed business and financial information about proposed owners and management, sources and amounts of capital, and a preliminary business plan for operation of an acquired institution. As much as is possible without knowing the target bank in advance, LB891 intends for a conditional bank charter to mirror the issuance of a new charter. Notice and publication requirements are included, and the department may schedule the application for hearing. As there is no known location at the time of the notice, LB891 will require that every financial institution in the state be sent notice of the application. If granted, the charter can be placed on the shelf for up to 18 months and can be renewed for successive one-year periods. A conditional charter can then be converted to a full bank charter upon proof that the financial institution to be acquired is in financial trouble; an appropriate fidelity bond has been acquired; the licensee has qualified for FDIC insurance, appropriate capital stock and surplus have been paid in, and all required fees have been paid to the department. The ability to grant a conditional charter should provide additional flexibility to the department in resolving troubled and failing financial institutions. We are aware of one group of individuals that has expressed interest in a state conditional bank charter. The use of a shelf charter is a current issue. The national bank regulator--the Office of the

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Comptroller of the Currency--converted a shelf charter to a permanent charter for the first time last Friday. The approval of that conversion and the OCC's press release on that approval are included in my handouts. Note that the failed institution was a state-chartered Florida bank. I want to emphasize that this proposal should not in any way be construed to indicate that we expect more bank failures. We brought this proposal to Senator Pahls because the February 2009 failure of the state bank occurred almost overnight. It was a very clear message that the department should seek to have all options available to resolve these difficult situations. The department's fiscal note shows that we expect a limited number of people to make use of this option. However, if LB891 can help one financial institution and one community in Nebraska, it will have done its job. I want to thank Senator Pahls for introducing the legislation. I'll be happy to answer any questions. Thank you. [LB891]

SENATOR PAHLS: Do you have any questions for the director? Seeing none, any proponents? Opponents? Neutral? That will close the hearing on LB891. Thank you, Director. It looks like we are ready for LB892. Again, this...we'll have the director come forward. We will not give you a break (laugh). Do you need some water? If you do, we have... [LB891]

JOHN MUNN: (Laugh) I would accept that, please. [LB891]

SENATOR PAHLS: Yeah, why don't we...yeah, I figured that...I think we're ready when you are, Director. [LB891]

JOHN MUNN: (Exhibit 1) Chairperson Pahls, members of the Banking, Commerce and Insurance Committee, my name is John Munn. Last name is spelled M-u-n-n. I'm Director of the Nebraska Department of Banking and Finance. I'm appearing today in support of LB892 which was introduced at the request of the department. LB892 will update and clarify provisions of the Nebraska (Residential) Mortgage Licensing Act, the RMLA, and the Installment Loan Act, ILA, as these acts relate to mortgage loan originators and reverse mortgages. In 2009, these acts were significantly amended with the passage of LB328, representing Nebraska's implementation of the Secure and Fair Enforcement for Mortgage Licensing Act of 2008, commonly referred to as the S.A.F.E. Act, which was incorporated into Title V of the Housing and Economic Recovery Act of 2008, adopted by Congress and signed into law on July 30, 2008. The S.A.F.E. Act mandated that states adopt a system of licensure for mortgage loan originators by July 31, 2009, or the United States Department of Housing and Urban Development (HUD) would create a system for licensing loan originators in the states which did not comply. HUD must also review the state's legislation and determine if it is compliant with the S.A.F.E. Act. Through the efforts of Senator Pahls and with this committee naming LB328 as a priority bill, LB328 was passed under the deadline. HUD notified the department on January 19, 2010, that it had one question relating to exemptions under the RMLA. Our response is being prepared, and we believe no amendments relating to

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the HUD notification will be needed. The department has worked through this process with other state regulators, the Conference of State Bank Supervisors, CSBS, and the American Association of Residential Mortgage Regulators, AARMR, in developing the nationwide electronic licensing system known as the NMLSR, education and testing requirements, and the criminal history background check mandated by the S.A.F.E. Act. Much has been done, and the department began accepting mortgage loan originator license applications on January 4th. Additional functionality for the system is in development, and we expect the process will continue to evolve over the next year. For your future reference, I have attached a copy of the home page of the NMLS. Many of the sections in LB892 contain amendments suggested by the bill drafter to clean up language that involve word choices such as subdivision instead of subsection or vice versa; use of singular nouns instead of plurals; and repositioning the placement of several subsections. Substantive amendments regarding mortgage loan originators are found in sections 1, 14, and 16. Section 1 would amend section 8-702 which applies to mortgage loan originators employed by banks. Registration rather than licensing is required of these persons; the registration process of these bank people will be handled federally. The amendment changes the deadline for registration of these persons from the current July 31, 2010, to the later of July 31, 2010 or 60 days past the date that the Nationwide Mortgage Licensing System and Registry is capable of accepting such registrations. The states have recently been advised that although the licensing system is on schedule, there will be a delay in implementation of the registration system, primarily due to negotiations with the federal banking regulators concerning their use of the system. Section 14 would correct an inadvertent 2009 deletion of the language regarding a material development in section 45-737 of the RMLA. Licensees must notify the department of material developments affecting their firms. In 2009, LB328 amended the notification time from a flat 30-day notice period for all notifications to 3-day periods or 30-day periods depending on the seriousness of the material development. In listing the items, we did not include the catchall phrase, material development. The effect of the current language, for example, is that a licensee could argue it has no duty to report a fine since a fine is not included in either the 3-day list or the 30-day list. Section 14 reinstates the material development language. Section 16 contains two amendments to provide for more effective enforcement based on communications with our regulatory counterparts. The first amendment to section 45-742 provides that a mortgage banker would be barred from hiring a person who has had a mortgage loan originator license revoked by any state. This will prevent an individual with a revoked mortgage loan originator license from staying in the mortgage business by purporting to be a loan processor for a mortgage banker. The second amendment regards surrender of a license. The S.A.F.E. Act has the equivalent of a permanent bar for a mortgage loan originator who has a license revoked. Since the license is revoked, he or she cannot get another one in any state. As section 45-742 is currently written, a licensee can avoid the bar unilaterally by surrendering his or her license. This amendment provides that the director is not obligated to accept the surrender of a license if there is a pending investigation or revocation or fine proceeding. LB892 addresses the reverse mortgage

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area. Reverse mortgages allow owners of a home to access the equity in their home without selling it. These are currently regulated in section 45-1068 of the ILA and therefore applicable only to those licensees. The department believes that this law should be applicable to all home mortgage lenders doing business in Nebraska that are not depository financial institutions. Sections 3, 4, and 5 accomplish this by including a definition of a reverse mortgage loan in the RMLA, and adopting a new law in section 5 that essentially mirrors, except for language updates, the requirements currently included in section 45-1068. The emergency clause is requested for the bill so that the changes will be in place when the department begins issuing mortgage loan originator licenses later this spring. I want to again thank Senator Pahls for introducing this bill. I'd be happy to answer any questions. Thank you. [LB892]

SENATOR PAHLS: Director Munn, it appears that your bill last year, (LB)328 was pretty well written then. [LB892]

JOHN MUNN: You bet, and we anticipated there would be some misses in it, but I think they were very relatively few. [LB892]

SENATOR PAHLS: Good. Senator Utter. [LB892]

SENATOR UTTER: Just out of curiosity, has there been a flow of applications in for licensing and for registration, or hasn't that time actually hit yet? [LB892]

JOHN MUNN: I know we began accepting applications for licenses on January 4, and we had a couple dozen? [LB892]

AUDIENCE: Maybe 30 or so. [LB892]

JOHN MUNN: Okay. And there are some steps in the process that aren't available yet, so those applicants that are on the ball are getting the things done that may be accomplished...the testing requirement; there's continuing ed requirement. That will move along as all those functions are available. [LB892]

SENATOR PAHLS: Director Munn, would you repeat that number of applicants just so it gets on the record? [LB892]

JOHN MUNN: Approximately 30 have been received to date since January 4th. [LB892]

SENATOR PAHLS: Okay. Thank you. Thank you. Senator. [LB892]

SENATOR PANKONIN: Thank you, Chairman Pahls. Director Munn, just help frame this, and I obviously was here for that...for the other bill. So this lines up federal requirements when the state really...do we have separate requirements from the

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federal, or it just lines us up or? [LB892]

JOHN MUNN: The federal government...Congress identified what the states needed to do to license the mortgage loan originators that didn't work for banks,... [LB892]

SENATOR PANKONIN: Okay. [LB892]

JOHN MUNN: ...for mortgage lending companies. That's the licensing process. Then they also charged...Congress charged the FFIEC federal regulators including a representative state regulator with putting a system of registration in place for the mortgage loan originators that work for banks. It's a much less strenuous process. [LB892]

SENATOR PANKONIN: Do you have any idea in the state of Nebraska, how many people would be...that are initiating mortgage lending, that are in financial institutions versus that are outside in these mortgaged houses? [LB892]

JOHN MUNN: The only estimate that we've made was in preparing our fiscal note for LB328 last year. I think we assumed there would be about 1,200 or 1,300 nonbank mortgage loan originators. We license approximately 300 mortgage lending companies, and we kind of made an assumption there might be four or so on average, individual loan originators working for each of those companies. My sense is, in addition to banks that conduct residential mortgage lending, if the bank has a subsidiary which is focused on residential mortgage lending, the employees of that subsidiary will need to be registered also, so that could get the bank numbers up. [LB892]

SENATOR PANKONIN: Okay. Back up. Yeah, okay, thank you. [LB892]

SENATOR PAHLS: Even though this is not directly related to this bill, we had talked about FDIC insurance, have our banks been assessed quite a bit more since the...what's happening to... [LB892]

JOHN MUNN: There was one special assessment like in mid...early to mid 2009 outside of all the regular assessments to generate more cash into the fund. FDIC asked banks to pay three years, not only 2010, but also 2011 and 2012 to pay those premiums in advance. And I know FDIC's estimate was they would generate about \$45 billion into the Deposit Insurance Fund. As of right now, and we've got a couple of bankers that may have heard something different, but as of now, I'm hearing of no other special assessments being discussed. But I believe the deadline for payment of those...full repayment of not only 2010, 2011, and 2012, I think that was due by the end of the year, was it not? [LB892]

AUDIENCE: Yes. [LB892]

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JOHN MUNN: Of 2009. [LB892]

SENATOR PAHLS: Okay, thank you. [LB892]

SENATOR UTTER: Sizable. [LB892]

SENATOR PANKONIN: Yeah, big numbers. [LB892]

SENATOR PAHLS: Seeing no more questions, thank you. Proponents? [LB892]

ROBERT HALLSTROM: Chairman Pahls, members of the committee, my name is Robert J. Hallstrom, H-a-l-l-s-t-r-o-m. I appear before you today as a registered lobbyist for the Nebraska Bankers Association to testify in support of LB892. Director Munn has covered the substantive provisions of the legislation. I would just note the most significant from our perspective is the recognition that the federal registry is not yet up and running. It's taking longer to get in place than had been anticipated, so that it is important to push back that July 31st of 2010 date to add the later of that date or within 60 days when the federal registry is ready to accept registrations. We have sent out compliance updates or are in the process of doing so to our bankers to let them know what the requirements are for getting prepared to register all of their mortgage loan originators with the federal registry, so we think the industry will be ready to comply with that law as soon as they can conform to the federal requirements. Be happy to address any questions. [LB892]

SENATOR PAHLS: Any questions? Seeing none, thank you, Bob. [LB892]

ROBERT HALLSTROM: Thank you. [LB892]

SENATOR PAHLS: Any more proponents? Opponents? Neutral? That will close the hearing on LB892. I want to thank you. Special thank you to Director Munn. [LB892]