

AMENDMENTS TO LB750

Introduced by Banking, Commerce and Insurance.

1 1. Insert the following new section:

2 Section 1. Section 45-737, Revised Statutes Cumulative Supplement,
3 2016, is amended to read:

4 45-737 A licensee licensed as a mortgage banker shall:

5 (1) Disburse required funds paid by the borrower and held in escrow
6 for the payment of insurance payments no later than the date upon which
7 the premium is due under the insurance policy;

8 (2) Disburse funds paid by the borrower and held in escrow for the
9 payment of real estate taxes prior to the time such real estate taxes
10 become delinquent;

11 (3) Pay any penalty incurred by the borrower because of the failure
12 of the licensee to make the payments required in subdivisions (1) and (2)
13 of this section unless the licensee establishes that the failure to
14 timely make the payments was due solely to the fact that the borrower was
15 sent a written notice of the amount due more than fifteen calendar days
16 before the due date to the borrower's last-known address and failed to
17 timely remit the amount due to the licensee;

18 (4) At least annually perform a complete escrow analysis. If there
19 is a change in the amount of the periodic payments, the licensee shall
20 mail written notice of such change to the borrower at least twenty
21 calendar days before the effective date of the change in payment. The
22 following information shall be provided to the borrower, without charge,
23 in one or more reports, at least annually:

24 (a) The name and address of the licensee;

25 (b) The name and address of the borrower;

26 (c) A summary of the escrow account activity during the year which
27 includes all of the following:

- 1 (i) The balance of the escrow account at the beginning of the year;
- 2 (ii) The aggregate amount of deposits to the escrow account during
- 3 the year; and
- 4 (iii) The aggregate amount of withdrawals from the escrow account
- 5 for each of the following categories:
- 6 (A) Payments applied to loan principal;
- 7 (B) Payments applied to interest;
- 8 (C) Payments applied to real estate taxes;
- 9 (D) Payments for real property insurance premiums; and
- 10 (E) All other withdrawals; and
- 11 (d) A summary of loan principal for the year as follows:
- 12 (i) The amount of principal outstanding at the beginning of the
- 13 year;
- 14 (ii) The aggregate amount of payments applied to principal during
- 15 the year; and
- 16 (iii) The amount of principal outstanding at the end of the year;
- 17 (5) Establish and maintain a toll-free telephone number or accept
- 18 collect telephone calls to respond to inquiries from borrowers, if the
- 19 licensee services residential mortgage loans. If a licensee ceases to
- 20 service residential mortgage loans, it shall continue to maintain a toll-
- 21 free telephone number or accept collect telephone calls to respond to
- 22 inquiries from borrowers for a period of twelve months after the date the
- 23 licensee ceased to service residential mortgage loans. A telephonic
- 24 messaging service which does not permit the borrower an option of
- 25 personal contact with an employee, agent, or contractor of the licensee
- 26 shall not satisfy the conditions of this section. Each day such licensee
- 27 fails to comply with this subdivision shall constitute a separate
- 28 violation of the Residential Mortgage Licensing Act;
- 29 (6) Answer in writing, within seven business days after receipt, any
- 30 written request for payoff information received from a borrower or a
- 31 borrower's designated representative. This service shall be provided

1 without charge to the borrower, except that when such information is
2 provided upon request within sixty days after the fulfillment of a
3 previous request, a processing fee of up to ten dollars may be charged;

4 (7) Record or cause to be recorded ~~Execute and deliver~~ a release of
5 mortgage pursuant to the provisions of section 76-2803 ~~76-252~~ or, in the
6 case of a trust deed, record or cause to be recorded ~~execute and deliver~~
7 a reconveyance pursuant to the provisions of section 76-2803 ~~76-1014.01~~;

8 (8) Maintain a copy of all documents and records relating to each
9 residential mortgage loan and application for a residential mortgage
10 loan, including, but not limited to, loan applications, federal Truth in
11 Lending Act statements, good faith estimates, appraisals, notes, rights
12 of rescission, and mortgages or trust deeds for a period of three years
13 after the date the residential mortgage loan is funded or the loan
14 application is denied or withdrawn;

15 (9) Notify the director in writing or through the Nationwide
16 Mortgage Licensing System and Registry within three business days after
17 the occurrence of any of the following:

18 (a) The filing of a voluntary petition in bankruptcy by the licensee
19 or notice of a filing of an involuntary petition in bankruptcy against
20 the licensee;

21 (b) The licensee has lost the ability to fund a loan or loans after
22 it had made a loan commitment or commitments and approved a loan
23 application or applications;

24 (c) Any other state or jurisdiction institutes license denial, cease
25 and desist, suspension, or revocation procedures against the licensee;

26 (d) The attorney general of any state, the Consumer Financial
27 Protection Bureau, or the Federal Trade Commission initiates an action to
28 enforce consumer protection laws against the licensee or any of the
29 licensee's officers, directors, shareholders, partners, members,
30 employees, or agents;

31 (e) The Federal National Mortgage Association, Federal Home Loan

1 Mortgage Corporation, Federal Housing Administration, or Government
2 National Mortgage Association suspends or terminates the licensee's
3 status as an approved seller or seller and servicer;

4 (f) The filing of a criminal indictment or information against the
5 licensee or any of its officers, directors, shareholders, partners,
6 members, employees, or agents; or

7 (g) The licensee or any of the licensee's officers, directors,
8 shareholders, partners, members, employees, or agents was convicted of,
9 pleaded guilty to, or was found guilty after a plea of nolo contendere to

10 (i) a misdemeanor under state or federal law which involves dishonesty or
11 fraud or which involves any aspect of the mortgage banking business,
12 depository institution business, or installment loan company business or

13 (ii) any felony under state or federal law; and

14 (10) Notify the director in writing or through the Nationwide
15 Mortgage Licensing System and Registry within thirty days after the
16 occurrence of a material development other than as described in
17 subdivision (9) of this section, including, but not limited to, any of
18 the following:

19 (a) Business reorganization;

20 (b) A change of name, trade name, doing business as designation, or
21 main office address;

22 (c) The establishment of a branch office. Notice of such
23 establishment shall be on a form prescribed by the department and
24 accompanied by a fee of seventy-five dollars for each branch office;

25 (d) The relocation or closing of a branch office; or

26 (e) The entry of an order against the licensee or any of the
27 licensee's officers, directors, shareholders, partners, members,
28 employees, or agents, including orders to which the licensee or other
29 parties consented, by any other state or federal regulator.

30 2. On page 5, line 20, after "a" insert "written" and after
31 "notification" insert "from the obligor or obligors under a line of

1 credit"; and in line 21, strike "containing a statement", show as
2 stricken, and insert "the secured creditor has received a written
3 notice".

4 3. On page 6, line 1, strike "a" and insert "such"; in lines 3 and 7
5 strike "of a" and insert "of the"; and in line 31 after the first
6 occurrence of "a" insert "written", after the second occurrence of "a"
7 insert "deed of", and strike "required by".

8 4. On page 7, line 1, strike "the beneficiary" and strike "do so"
9 and insert "execute such deed of reconveyance"; in line 3 after
10 "beneficiary" insert "subsequently"; and in line 11 strike "section" and
11 insert "sections 45-737 and".

12 5. Renumber the remaining sections accordingly.