



700 S. W. Jackson
Suite 300
Topeka, KS 66603-3796

Office of the State
Bank Commissioner

Phone: (785) 380-3939
Fax: (785) 371-1229
www.osbckansas.org

David L. Herndon, Bank Commissioner

Laura Kelly, Governor

**Testimony to the House Committee on Financial Institutions and Rural Development
on HB 2568
January 31, 2022**

The Office of the State Bank Commissioner (OSBC) appreciates the committee's introduction of our bill, HB 2568, and we thank the Chairman for holding a hearing on the bill. Today, the OSBC brings Deputy Commissioner Mike Enzbrenner, General Counsel Melissa Wangemann, Assistant Deputy and Director of Examinations Jim Payne, and Director of Licensing Dana Branam.

HB 2568 amends the Kansas Mortgage Business Act (KMBA) (K.S.A. 9-2201 et seq.), the state law governing mortgage business. Companies subject to the KMBA are required to hold multiple licenses and registrations, depending on their scope of business in the state. This can include a main license, branch licenses, and loan originator registrants. The bank commissioner exercises regulatory authority over all mortgage business conducted in Kansas by a mortgage company. HB 2568 amends the KMBA to remove the requirement to hold separate, overlapping branch licenses and allowing mortgage company staff to work remotely. If the bill passes, a mortgage company would hold a main (master) license, and if the company originates mortgage loans, it would continue to have individual mortgage loan originator registrants.

During the COVID-19 pandemic and continuing to today, the mortgage industry has navigated many obstacles in attempting to remain compliant with state and federal laws, while continuing to provide important financial services to our state's consumers. Restrictions on travel and in-office work, coupled with the inability to conduct business remotely, was a no-win situation for many. The advent of remote work was a key strategy in delivering crucial mortgage services, while keeping consumers and mortgage company staff safe. Remote work was a large factor in the industry's positive performance in the unprecedented lending demand during this time. Many states, including Kansas, worked with mortgage companies during the pandemic to allow remote work as a compliant business model. HB 2568 aims to codify the written guidance provided by OSBC during the pandemic to allow remote work with sensible restrictions and safety precautions.

It has become clear that the need to streamline the regulatory environment to promote a versatile and efficient mortgage industry remains past the pandemic. The fact is, brick-and-mortar branch licensing rules have provided little in regulatory oversight in return for the time, effort, and expense that is required, by both the industry and the OSBC. Since the KMBA requires all mortgage company licensees to abide by its provisions, the main license is sufficient to provide the OSBC with the licensing structure necessary to carry out its responsibilities. HB 2568 removes the requirement to apply for and obtain a separate branch license for each location; in turn, the mortgage company licensee will provide a list of its branch locations to the OSBC as often as necessary, to account for the whereabouts of its mortgage staff. By law, a mortgage company licensee is fully responsible for all mortgage business conducted on its behalf with Kansas consumers.

In connection with remote work, HB 2568 amends the KMBA to clarify certain licensing renewal periods, fees associated with reinstatement, surety bonding, and financial statement requirements commonly used when participating in the Nationwide Multistate Licensing System, or NMLS.

Testimony on HB 2568
Office of the State Bank Commissioner
Page 2

The OSBC spoke with several industry stakeholders in drafting the bill, and no opposition was noted. The OSBC has considered fiscal impacts of losing branch license fees and plans to rework fee sources to keep a neutral impact on current and future licensees, which the industry members have fully supported. The aim is fewer duplicative forms and applications, and a streamlined mortgage licensing process.

We appreciate the committee's time today and would be happy to stand for questions at the appropriate time.

Melissa Wangemann
General Counsel
Melissa.Wangemann@osbckansas.org
785-379-3569

Jim Payne
Assistant Deputy, Director of Examinations
Jim.Payne@osbckansas.org
785-379-3826