

**ONE HUNDRED FIRST LEGISLATURE - SECOND SESSION - 2010**  
**COMMITTEE STATEMENT**  
**LB892**

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**Hearing Date:** Tuesday January 26, 2010  
**Committee On:** Banking, Commerce and Insurance  
**Introducer:** Pahls  
**One Liner:** Change provisions relating to federal deposit insurance requirements, residential mortgage licensing, installment loans, and reverse mortgages

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**Roll Call Vote - Final Committee Action:**  
Advanced to General File

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**Vote Results:**

**Aye:** 8 Senators Christensen, Gloor, Langemeier, McCoy, Pahls, Pankonin, Pirsch, Utter  
**Nay:**  
**Absent:**  
**Present Not Voting:**

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**Proponents:**

Senator Rich Pahls  
John Munn  
Robert Hallstrom

**Representing:**

Introducer  
NE Dept. of Banking and Finance  
NE Bankers Association

**Opponents:**

**Representing:**

**Neutral:**

**Representing:**

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**Summary of purpose and/or changes:**

LB 892 (Pahls), introduced at the request of the Director of Banking and Finance, would update and clarify various provisions of the Residential Mortgage Licensing Act (RMLA) and Nebraska Installment Loan Act (NILA) as these acts relate to mortgage loan originators and reverse mortgages. The bill would provide, section by section, as follows:

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 would recognize an expected delay in implementation of the registration system that the states were recently advised of.

Section 2 would amend section 45-101.04 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. The definition would be migrated from section 45-1068 of the NILA with several terms updated to reflect current RMLA language.

Section 5 would enact a new section to provide requirements for reverse mortgage loans under the RMLA. The

requirements would also be transitioned, with language updates, from section 45-1068 of the NILA.

Sections 6 and 7 would amend section 45-704(2) and 45-705(2) to update word choices.

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

Sections 9 and 10 would amend sections 45-725 and 45-726 to update word choices.

Section 11 would amend 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 would amend sections 45-730 and 45-733 to update word choices.

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 15 would amend section 45-741 to update the referencing language to registrants.

Section 16 would amend section 45-742 to provide that the Director of the Department 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 which has been suspended by the director. This section would also give 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 17 would amend 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-referenced provisions.

Section 20 would amend section 45-1005 to correct a word choice.

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 22 would amend section 45-1033.01 to correct references to persons under the NILA who may be subject to background checks and who have the right to challenge information entered into the NMLS. Current law uses terms from the RMLA that are not correct for the NILA.

Section 23 would amend section 45-1033.02 to correct references to persons under the NILA as in section 22, and to correct the placement of the subsection authorizing sharing arrangements with other agencies and associations representing government agencies.

Section 24 would amend section 45-1068 relating to reverse mortgages to update terms in accordance with the RMLA.

Section 25 would provide the amendatory repeal provisions for the bill.

Section 26 would provide for the emergency clause.

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Rich Pahls, Chairperson