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Banking, Commerce and Insurance Committee
January 28, 2013

[LB213 LB214 LB290]

The Committee on Banking, Commerce and Insurance met at 1:30 p.m. on Monday, January 28, 2013, in Room 1507 of the State Capitol, Lincoln, Nebraska, for the purpose of conducting a public hearing on LB213, LB214, LB279 and LB290. Senators present: Mike Gloor, Chairperson; Mark Christensen, Vice Chairperson; Kathy Campbell; Tom Carlson; Sue Crawford; Sara Howard; Pete Pirsch; and Paul Schumacher. Senators absent: None.

SENATOR GLOOR: (Recorder malfunction)...I am from Grand Island. My Legislative District is 35, and I serve as Chair. The committee will take up bills today in the order posted. The hearing today is public, part of the legislative process, your opportunity to express yourself, feelings you have, a stand you may want to take on any of the legislation that comes before us today. We have some rules. They are posted over there to your left, but let me run through a few things. First and foremost, please, you may think you have turned off your phone, but give it a quick check unless you have done so recently. Move to the reserved chairs up front. If you're about ready to testify, the order of testimony will be proponents, opponents, and then those who wish to testify in a neutral capacity. Testifiers, please sign in. Hand-in sheets, please hand them to the clerk when you come up to testify. Spell your name, please, before you begin to testify. Be concise. We have a light system, but aren't using it today because I think the nature of the bills before us probably won't require us to do so, but try and keep your comments to five minutes. If you'll not be testifying at the microphone, but want to go on record as having a position on a bill that's being heard today, there are white sign-in sheets by the entrances and you can leave your name and other pertinent information there. Written materials may be distributed to committee members as exhibits only while your testimony is being offered. Hand it to the pages and they'll distribute it to the committee and staff. We need ten copies, and so, check quick. If you don't have ten copies of something you may need, give it to the pages so they can make sure and run those off before you testify. To my immediate right is committee counsel, Bill Marienau; to my left at the end of the table is the committee clerk, Jan Foster. Committee members with us today will introduce themselves and I will start at the far end with Senator Crawford. Would you please introduce yourself?

SENATOR CRAWFORD: Good afternoon. My name is Sue Crawford and my district is LD45, Bellevue, Offutt, and eastern Sarpy County.

SENATOR SCHUMACHER: Paul Schumacher, District 22, Platte and parts of Colfax and Stanton Counties.

SENATOR PIRSCH: And I'm Pete Pirsch, District 4, parts of the city of Omaha, Douglas County and Boys Town.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

SENATOR CAMPBELL: I'm Kathy Campbell, District 25, which is east Lincoln and eastern Lancaster County.

SENATOR CARLSON: Tom Carlson, District 38. I live in Holdrege, and District 38 includes all of seven counties and part of an eighth.

SENATOR HOWARD: I'm Sara Howard and I represent midtown Omaha, District 9.

SENATOR CHRISTENSEN: Mark Christensen, District 44, Imperial.

SENATOR GLOOR: And as is the case with these hearings, sometimes senators have to present bills of their own to other committees so there may be some coming and going. That's not any sort of a commentary on the bill that you're introducing, but the nature of what we do. Our pages today are William Rahjes; he's from Elwood. And Nathan Funk; Nathan's from Norfolk. Committee will take up the bills today in the order on the agenda posted outside, LB213, (LB)214, (LB)279, and (LB)290. And we will start with LB213. This is my bill and my introduction will be on behalf...which I introduced on behalf of the Department of Banking and Finance. My opening on the bill will be limited to now asking our director of Banking and Finance to come forward and testify on the provisions of this bill. Director Munn. Welcome.

JOHN MUNN: Thank you, Senator Gloor.

SENATOR GLOOR: Anytime, you're ready, Director.

JOHN MUNN: (Exhibit 1) Okay. Chairman Gloor and members of the Banking, Commerce and Insurance Committee, my name is John Munn, M-u-n-n. I'm director of the Nebraska Department of Banking and Finance. I'm appearing today in support of LB213 which was introduced at the request of the department. LB213 proposes updates to the laws relating to depository financial institutions under the jurisdiction of the department. The first set of these updates result from Dodd-Frank Wall Street Reform and Consumer Protection Act enacted by Congress in July 2010. The Dodd-Frank Act created the Consumer Financial Protection Bureau, or the CFPB, as an independent federal regulator with responsibility for supervision and enforcement of federal laws over providers of consumer financial products and services with the intention of preventing unfair, deceptive, and abusive financial practices. These providers will include, among others, payday lenders, mortgage lenders, credit card issuers, and collection agencies. While the CFPB has no chartering authority, it has authority to adopt and enforce standards for providers of consumer financial services and banks, as well as the authority to conduct examination of such entities. The department currently has the authority to share confidential information, including examination reports, with other financial institution regulators, including the Federal Deposit Insurance Corporation, the Federal Reserve, and our counterparts in other states and U.S. territories. LB213 would

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

update those laws to include the Consumer Financial Protection Bureau as an additional regulator with which the department may share this type of information. These updates are included in sections 3, 12, 13, and 14 of the bill. Section 2 contains a corresponding amendment to the law which requires that in situations where the director of the department has a financial interest in a state-chartered financial institution, the Governor will have charge of and receive reports of examination for that institution. The amendment to section 8-103 provides that any other examination report or information received for such institution from the CFPB would also be sent to the Governor. Section 8-103 prohibits employees of the department from borrowing at any state-chartered financial institution, except for the Nebraska State Employees Credit Union. This provision would be amended to provide that in the event the credit union merged with another state-chartered credit union, department employees would be able to continue borrowing at the successor credit union. The department is not aware of any plans by the credit union to merge and does not want to give the impression by this amendment that there are any such plans. The amendment is proposed at this time solely because of the other amendment to section 8-103, relating to the CFPB, which is being proposed. The second substantive update proposed by LB213 relates to bank investments. Section 5 would adopt a new statute to provide authority at the state level for state-chartered banks to invest in limited liability companies or LLCs. The LLC could be formed by one bank, a group of banks, or a bank and a third party with the activities of the company limited to general banking activities or activities incidental to banking. The LLC would be subject to examination by the department. Other parameters of an LLC investment would be set by rule or order of the department. State-chartered banks currently have the ability to make these investments through use of the bank wild-card statute, as national banks are authorized to make such investments under 12 U.S.C. Title 1, Part 5. Due to increased interest in formation of LLCs by banks, particularly for the holding, management, and disposition of real estate taken in satisfaction of bad debts, state legislative authorization is appropriate so that the department would be able to provide current guidance to banks. LB213 would amend section 8-204 of the Nebraska Trust Company Act by updating the prerequisites for membership on the board of directors of a trust company. Section 8 of the bill will remove the requirement that a member of the board own one share of stock of the trust company and remove the requirement that members of the board of directors are to be selected from the shareholders of the trust company. This law is modeled after section 8-124 of the Nebraska Banking Act. A similar requirement for members of a bank's board of directors was legislatively repealed in 2005. The final substantive revisions in LB213 will provide for the annual reenactment of the depository financial institutions' wild-card statutes to provide equal rights, powers, and privileges for state-chartered banks, credit unions, and savings and loans with their respective federal counterparts. Due to state constitutional restrictions on delegation of legislative authority, the statutes need to be amended annually to provide a current reference date. These amendments are included in sections 7, 10, and 15 of the bill. The remaining provisions of the bill will update references to federal laws relating to electronic funds transfers, financial reports, and

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

certain bankruptcy notices, and repeal an obsolete reference to the date of registration of financial institution mortgage loan originators. I want to express my thanks to Senator Gloor for introducing the bill. I'll be happy to respond to any questions. [LB213]

SENATOR GLOOR: Thank you, Mr. Director. Any questions? Senator Schumacher. [LB213]

SENATOR SCHUMACHER: Thank you, Chairman Gloor. With reference to page 5, section 4, that "A bank may be a member of a limited liability company to the extent and in a manner specified by rule, regulation, or order of the department." And that the: limited liability company which has a bank as a member shall engage only in those activities which are part of the business of banking or incidental to the business except where they actually receive deposits. Could you give us an idea of the scope of the word "incidental" there? How incidental is incidental? [LB213]

JOHN MUNN: Uh-huh. As mentioned in my testimony, dealing with real estate obtained through loan...real estate loan gone bad, is probably the best example because many times there will be other banks participating in that loan that went bad. This allows them to create a structure through which that other real estate can be addressed and hopefully, of course, liquidated. Another activity might be joint ownership of an automated teller machine, you know, very much a banking function. I would look at any of the permitted activities under the banking act and expect to be able to draw a parallel to the activity proposed for a limited liability company. [LB213]

SENATOR SCHUMACHER: The grant of the authority that...to the department, that a bank may be a member to the extent specified by rule, regulation, order seems a very broad grant of legislative authority. Should we be interested in putting some guidelines as to what we mean by that, things we don't want the banking department to allow the banks to get involved in? It seems like a lot of the problem we had five or six years ago on a national level was because banks got too involved in businesses and ceased to be bankers. And that created a lot of problems. Any suggestions as to what guidelines we might put in there to suggest to the department and to the banking community how far we think is okay to go? [LB213]

JOHN MUNN: One of the primary things would be during the rule-making process, you know if we would end up proposing a rule, that would have to go to a hearing in which you would have the opportunity to participate in that. As to any order, advanced notice would need to be given as to the makeup of that order. [LB213]

SENATOR SCHUMACHER: But isn't that kind of like the tail wagging the dog? Shouldn't we up-front as the legislative body be telling the department what parameters there are rather than having to appear at a rule hearing of the department? I mean, who is going to represent the committee or the Legislature at this rule hearing? Shouldn't it

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

be...shouldn't we say now, hey, this is a decision we're going to let banks get out of the role of merely being bankers, but because they may get stuck with some property or want to make some money off of automated teller machines or maybe rent a building or maybe this or that, they can create an LLC and maybe commit some of the resources to the LLC. Shouldn't we now in this paragraph outline what we think are permissible banking activities rather than having to watch the public notices when the department may be having a hearing on something? [LB213]

JOHN MUNN: I think you then have to revisit the banking act in whole, you know, because that's what establishes the parameters on what these LLCs can do. Is it provided for in the banking act? [LB213]

SENATOR SCHUMACHER: So, do we need...is there a specific laundry list in the banking act of what they can and cannot do? [LB213]

JOHN MUNN: Uh-huh. [LB213]

SENATOR SCHUMACHER: And should we be incorporating that then into this as to guidance to the department of, that's what we mean when we say incidental to the banking business? [LB213]

JOHN MUNN: Yes. But I would hope that the reference back to the banking act would suffice rather than having to restate the scope of the banking act in this particular statute. [LB213]

SENATOR SCHUMACHER: Okay. So you wouldn't have any opposition to us saying that "incidental" is defined within sections such and such to such and such in this particular area? I mean, what I'm getting at, you know, bankers should be bankers, and the banking community should not put at risk or led to a situation where they're put at risk, of the integrity of the system because of business deals. [LB213]

JOHN MUNN: That's right. And one other activity where an LLC might be used is in forming a community development corporation by a bank or multiple banks. And one of the requirements of creating that CDC is that it bring no unlimited liability back upon the bank. You know, it has to be so specific as to that activity that it wouldn't bounce back and reflect on the bank's safety and soundness. [LB213]

SENATOR SCHUMACHER: Is...do you read this then as being inherent in here that the bank's membership in an LLC have provisions that it...there's no back door into the bank's banking business because of a screwup in the LLC? [LB213]

JOHN MUNN: Exactly. That's why the limited liability structure works so well. [LB213]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

SENATOR SCHUMACHER: And is that in statute that the banks are not, when they join an LLC or form an LLC, that they cannot have a provision or an agreement or a contract with that LLC that would endanger their fundamental assets? [LB213]

JOHN MUNN: Yes. [LB213]

SENATOR SCHUMACHER: And that's in statutes? [LB213]

JOHN MUNN: No, I don't know if it's in statute, but that's what we would look at in the formation of the CDC to make sure it's in there. [LB213]

SENATOR SCHUMACHER: But you don't have to look at that? [LB213]

JOHN MUNN: For a community development corporation as to the scope? [LB213]

SENATOR SCHUMACHER: Oh, no. But for that rule that you should not put the banking...your banking equity, your banking operations at risk by...when you get involved with an LLC of any kind. Is that in statutes? [LB213]

JOHN MUNN: I don't believe so, but it's in the community development corporation statute. I don't know for what other purposes they might form an LLC. I mean, the real estate situation pretty well flows out of a banking function. The CDC is allowed in statute for a bank or banks to undertake. [LB213]

SENATOR SCHUMACHER: Well, then let's say that a bank took over a piece of real estate because it got stuck with it, started depreciating, went under. Could it, when informing the LLC, could it have an agreement that would expose its assets more than the value of a property or the bad loan to losses through that LLC? [LB213]

JOHN MUNN: We'd have to detect it through our examination of it. And we do...when we do a regular examination of a bank, we look at their CDC and LLC activities. [LB213]

SENATOR SCHUMACHER: I don't have any further questions at this time. [LB213]

JOHN MUNN: Okay. [LB213]

SENATOR GLOOR: Senator Campbell. [LB213]

SENATOR CAMPBELL: Thank you, Senator Gloor. Director, just for my education, is it pretty common under section 2, are there other places where information goes to the Governor, because you talked about in section 2 that that information would go if you had an interest in? Is there any other place that's directed that you know of? [LB213]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

JOHN MUNN: No, generally not. You know, in the event of a potential bank closure, that's...the Governor is going to have to sign a document there. I generally would go to him or her in advance, you know, so that it's not a surprise when it comes to them, but that's just me talking to the Governor. [LB213]

SENATOR CAMPBELL: Does the situation in section 2 arise a number of times? It says it contains a corresponding amendment which requires that in situations where the director has a financial interest in a state charter, the Governor will take charge of and receive reports. [LB213]

JOHN MUNN: Oh, I know it did with my predecessor because he still had a banking interest. I do not have any banking interest, don't anticipate gaining any. [LB213]

SENATOR CAMPBELL: Okay. Thank you. [LB213]

SENATOR GLOOR: Other questions? Senator Carlson. [LB213]

SENATOR CARLSON: Thank you, Senator Gloor. On the second page of your report here, in the second paragraph, state-chartered banks currently have the ability to make these investments through the use of the bank wild-card statute. Wild-card. I don't have any idea. What's wild-card statute? [LB213]

JOHN MUNN: Okay. And you're going to...in fact, it's in here later, isn't it? Yeah, the second to the last full paragraph at the bottom of the page we talk about the annual reenactment of the wild-card statute. What that allows is the state-chartered and licensed institutions that we supervise the ability to do anything that a nationally chartered bank is allowed by its regulator, the Office of the Comptroller of the Currency, to do. A lot of times the main area of this may be seen is in the community development statute that I mentioned before because the way OCC looks at community development corporations, it's income focused, like they want to see most CDC project happen in low-income areas. The focus of our state CDC statute is public purpose. Does this serve a good public purpose by the bank undertaking this activity? But if a bank said, no, we want to do it under a low...for a low-income purpose, be it housing, rentals, or whatever, they could opt for the power that the nationally chartered bank has. [LB213]

SENATOR CARLSON: Well, the term wild-card means that something could go for about anything, used about in any way in a card game. [LB213]

JOHN MUNN: Um-hum. [LB213]

SENATOR CARLSON: It just seems like it's out of line in the banking business where everything is to be conservative and safe. (Laughter) [LB213]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

JOHN MUNN: Maybe it should have... [LB213]

SENATOR CARLSON: But it's not your term, you didn't come up with that, so. [LB213]

JOHN MUNN: Maybe it should have been a parity reference, maybe, rather than a wild-card. [LB213]

SENATOR CARLSON: All right. Thank you. [LB213]

JOHN MUNN: You bet. [LB213]

SENATOR GLOOR: Senator Howard. [LB213]

SENATOR HOWARD: Thank you for your testimony and thank you. I was wondering, how many other states allow directors of trust companies to not own stock in the trust? [LB213]

JOHN MUNN: I can't answer that. [LB213]

SENATOR HOWARD: Is it unusual in Nebraska that our...that we've done this before? [LB213]

JOHN MUNN: Well, it's been a requirement and as I said in my testimony, it did go away for banks in 2005. You know, the shareholders in the trust company have the opportunity in their annual shareholders meeting to designate the directors. You know, you aren't going to get a director out of left field because the shareholders do have say over who sits on it. But it's created in some instances where a trust company really wants to have the expertise of an individual, they have to go through the gymnastics of selling that individual one share of stock just so they can sit on the board of that trust company. This would eliminate the need for that process. But the shareholders would still have full say over who is going to sit on the board of directors of the entity. [LB213]

SENATOR HOWARD: Okay. Thank you. [LB213]

SENATOR GLOOR: Senator Pirsch. [LB213]

SENATOR PIRSCH: Thanks. Why have...you know LLCs have existed in Nebraska for a while. Why hasn't this been addressed as an issue before 2013? I suppose you said there was a trend now. Their interest is up, the banks in terms of there's this situation with real estate tagging. Is that what's precipitated it now, or has this been looked into before? [LB213]

JOHN MUNN: The commercial real estate problems that some of our banks

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

experienced in 2008, '09 and '10, especially in the area of residential development, you know, that was about the toughest type of project to have some bare land now with streets on it and lights on it and sewer in, and then you can't sell a lot to save your soul. That's why we're looking at it now. And it has been available through the wild-card, but this allows us to prescribe rules as to how they approach it. [LB213]

SENATOR PIRSCH: And in your estimation, there's nothing inherent about the entity structure of an LLC that would make it either more risky or less risky than, you know, S corps or C corps rather permitted usages. [LB213]

JOHN MUNN: No, no, I don't believe so. [LB213]

SENATOR PIRSCH: Okay. Thank you. [LB213]

SENATOR GLOOR: Other questions? Senators...I'll start with Senator Crawford and then Senator Schumacher. [LB213]

SENATOR CRAWFORD: Thank you. Thank you for your testimony. So just to clarify its base...a nationally chartered bank is allowed these rights of limited liability to do these...to have a limited liability corporation and do these things. And currently a state-chartered bank could, through this wild-card, do that, right? And so, what do we add by putting it in our statute? [LB213]

JOHN MUNN: If we would want to limit, you know, the approach taken to it or prescribed in some different fashion, exactly what can and can't be done, it would give us that opportunity to say so rather than just deferring to the federal regulator. [LB213]

SENATOR CRAWFORD: What keeps the bank then...and what, if the bank is able to choose to go with the wild-card strategy, if we were to restrict it more and use this to tighten it or provide extra protections, a national bank would still follow federal regulations and a state-chartered bank still be able to say, well, we'll opt for the wild-card option instead of following these restrictions that we put in? [LB213]

JOHN MUNN: It would still be available. [LB213]

SENATOR CRAWFORD: It would still be available, so the state-chartered banks still have a wild-card option. [LB213]

JOHN MUNN: I take that back. If we prescribe something in any rule that we would adopt, it would curtail. A state-chartered bank could not wild-card around that if we had rules in place. [LB213]

SENATOR CRAWFORD: Okay. So if we put the rules in place, we take out the

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

wild-card option. [LB213]

JOHN MUNN: Yes. [LB213]

SENATOR CRAWFORD: Okay. [LB213]

JOHN MUNN: Now they do it under our statute. [LB213]

SENATOR CRAWFORD: Okay. All right, so that's...and we have limited liability rules in another part of the statute that lay out those restrictions that we'll have to become familiar with. Thank you. I have another question on another topic and that is, I just wonder how onerous it is to require having one share of stock? So you mentioned this gymnastics to go through that, but how difficult...what makes that onerous or difficult if shareholders pick someone to be...that they think would be the most qualified, and the only barrier is needing to own one share of stock? [LB213]

JOHN MUNN: It's just dusting off the stock ledger and finding a stock, either creating a stock that could be sold or freeing up a share, you know, from someone else. It might make a difference as to what the share price is as far as how difficult the gymnastics are. But we just have three...well, just...three independent trust companies in the state that we supervise. And we waived this provision for 175 banks in 2005, so the feeling is, why is it needed here? [LB213]

SENATOR CRAWFORD: So the typical cost for a share... [LB213]

JOHN MUNN: It depends on how well they've capitalized the company. [LB213]

SENATOR CRAWFORD: Sure. Thank you. [LB213]

SENATOR GLOOR: Senator Schumacher. [LB213]

SENATOR SCHUMACHER: A little bit of a follow-up question, kind of along the lines of Senator Crawford's question. This particular wild-card provision basically says, if the feds say it's okay for a national bank to do it, they have the power to do X, Y, Z, the state bank can do it. Now when the feds say, you can do X, Y, Z, and, oh, by the way, you've got to comply with this stack of regulations, can the state...are those regulations also imposed upon the state bank doing it, or can we say, well, the state bank has the power under this thing, but no, they don't have to comply with those regulations? [LB213]

JOHN MUNN: Right. In the example with the nationally chartered bank, the OCC, the regulator of national banks, isn't going to want to care what a state-chartered bank is doing under its statute. It only has purview over nationally chartered banks. So that's

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

another reason for us to create our own rules. You know, the wild-card is permissive, but the federal regulator doesn't want to have...take on any responsibility for what that state-chartered bank may do that's been allowed to do it under the federal statute. [LB213]

SENATOR SCHUMACHER: So a state-chartered bank exercising powers the federal bank has got, because we've dittoed them in here, could conceivably get by with a lot less regulation than the federal bank if the department was so inclined. [LB213]

JOHN MUNN: If we didn't have the ability to write the rules and create parameters around which it's going to be done, I would say, yes. [LB213]

SENATOR SCHUMACHER: Okay. So we have a situation where at least the federal government in its wisdom, or lack of it, says, we got a problem with the banking community so we need to stack the regulations that those regulations are not the kind of things that we would have to apply here. We would have to independently arrive that, yeah, those ideas are good. [LB213]

JOHN MUNN: That's right. [LB213]

SENATOR SCHUMACHER: Thank you for your testimony. [LB213]

SENATOR GLOOR: Other questions? I would have just a quick question as relates to Dodd-Frank. It appears that there are amendments to Dodd-Frank every so often. And does this bill fall under that? In other words, this is something we implement now because it's been an amendment that's going to take effect in 2013? [LB213]

JOHN MUNN: Well, and some of it like bringing in this information sharing with the CFPB, we're a little bit behind the curve on that... [LB213]

SENATOR GLOOR: Okay. [LB213]

JOHN MUNN: ...because the CFPB has been active now in its supervision for about 18 months. I think their effective date was July of 2011. [LB213]

SENATOR GLOOR: Are there going to be continued reverberations of Dodd-Frank over the next couple of years? In other words, would this committee over the next couple of years expect to see continued amendments relating to Dodd-Frank? [LB213]

JOHN MUNN: I would think so because they're...the agency is way behind on their rule writing. I know that's a sore point with Congress is that they really have failed to meet a lot of deadlines for rule writing. So yes, I think it's safe to say. And in our case, I think I've said before to the committee, our security supervision is really more impacted at this

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

time by CFPB, although we're going to see it more now, not in our depository institutions, but in the nondepository institutions like mortgage banking, which we supervise; payday lending, which we supervise. We're going to be seeing more and more of it, so I would say, Senator, you're right. [LB213]

SENATOR GLOOR: Okay. Any other questions? Thank you very much, Director Munn. [LB213]

JOHN MUNN: Thank you. [LB213]

SENATOR GLOOR: Can I see a show of hands of those who would like to speak as proponents? Just seeing a couple. Any opponents in the audience? Anyone who wishes to speak in a neutral capacity? So we have two people who wish to address the committee. Please come forward. [LB213]

JERRY STILMOCK: Thank you. Mr. Chairman, members of the committee, my name is Jerry Stilmock, J-e-r-r-y, Stilmock, S-t-i-l-m-o-c-k, testifying in support of LB213, specifically those provisions found in sections 7 and 10, the parity statutes formerly known as the wild-card statutes. That was supposed to at least turn up the corners of your mouth perhaps, but. (Laugh) Each year the Nebraska Bankers Association presents itself after the director has an opportunity to introduce this particular legislation, and we just are lending our support to the two sections 7 and 10 that would allow state-chartered banks and the state-chartered savings and loans to enjoy the same rights as those chartered on the national side by the national charters. Thank you. [LB213]

SENATOR GLOOR: Any questions for Mr. Stilmock? Seeing none, thank you very much. [LB213]

JERRY STILMOCK: Thank you, Senators. [LB213]

SENATOR GLOOR: Next proponent. [LB213]

BRANDON LUETKENHAUS: (Exhibit 2) 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 on behalf of the Nebraska Credit Union League. Our trade association represents Nebraska's 69 credit unions, and I'm here in full support of LB213. I want to thank Chairman Gloor and Director Munn for introducing this important piece of legislation, and like Mr. Stilmock, the credit unions really depend on this wild-card provision. It's an important provision for credit unions to allow them to have the same rights, powers, and privileges that their federal-chartered credit unions have in the state. And so for that reason, we support LB213. I'd be happy to answer any questions the committee might have. [LB213]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

SENATOR GLOOR: Any questions for Mr. Luetkenhaus? Senator Crawford. [LB213]

SENATOR CRAWFORD: Thank you, Senator Gloor. Thank you for coming to testify. I just wanted to clarify again a question that was raised earlier about, if we have...if we're providing this wild-card power, and it says that you have all the rights and privileges of a nationally chartered bank, that comes back to the issue of us putting in the restrictions on, and working on the language in terms of a limited liability company. So what's your understanding of the rules that you would follow as a state-chartered bank in terms of limited liability under this bill? [LB213]

BRANDON LUETKENHAUS: Senator Crawford, thank you for the question. Credit unions are different from banks in structure, and so I don't believe credit unions are in that LLC portion of the bill. We are in the wild-card provision, and then also the initial thing that Director Munn talked about with Nebraska State Employees Credit Union. We support that as well. We think it makes sense for that change. But with the LLC provisions, you'd have to ask Director Munn or others about that. [LB213]

SENATOR CRAWFORD: Okay. Thank you. [LB213]

SENATOR GLOOR: Other questions? Seeing none, thank you for your testimony. [LB213]

BRANDON LUETKENHAUS: Thank you. [LB213]

SENATOR GLOOR: (Exhibit 3) Any other proponents? Anyone with a change of mind? Any opponents? Neutral capacity? Seeing none, I'll waive my closing and this closes the hearing on LB213. LB214, as was the case on LB213, I introduced it on behalf of the Department of Banking and Finance, and my opening will again be limited to introducing our director of Banking and Finance. Director Munn. You're welcome to start whenever you're comfortable doing so, Director. [LB213 LB214]

JOHN MUNN: (Exhibit 1) Okay. Are you okay if I proceed before they have their copies? [LB214]

SENATOR GLOOR: Absolutely, yep. [LB214]

JOHN MUNN: Okay. Chairman Gloor, members of the Banking, Commerce and Insurance Committee, my name is John Munn, M-u-n-n, director of the Nebraska Department of Banking and Finance. I'm appearing today in support of LB214, which was introduced at the request of the department. LB214 proposes updates to the Securities Act of Nebraska and to the Seller-Assisted Marketing Plan Act, both of which are under the jurisdiction of the department. The Securities Act of Nebraska governs the

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Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

offer and sale of securities in Nebraska by providing for the registration of securities, broker-dealers, agents, investment advisers and their representatives. The act contains exemptions from registration, antifraud provisions, as well as administrative and criminal penalties for violations of the act. LB214 proposes to update the definition of "accredited investor" within the section 8-1111(8) transactional exemption. Under this provision, sales to institutional investors and accredited investors are exempt from the registration provisions of the act, while remaining subject to the antifraud provisions. An accredited investor is an individual who has been deemed not to need the protection of registration because he or she is either an insider with the issuer of the securities or whose individual net worth or joint net worth with a spouse exceeds one million dollars. The amendment set forth in section 6 of the bill is prompted by Section 413 of the 2010 Dodd-Frank Wall Street Reform and Consumer Protection Act, which directed the federal Securities and Exchange Commission, the SEC, to adjust the net worth standard for investors to exclude the value of an investor's principal residence from the calculation of net worth to ensure that investors are better protected. The SEC revised its rules in 2012 to incorporate the revised definition. Since the definition of "accredited investor" found in section 8-1111(8) is based on the federal definition, this amendment was included. The bill would authorize the department to share examination reports and other confidential information with the SEC and other state securities regulators, and in connection with Nebraska's participation in the Central Registration Depository, or CRD, and the Investment Adviser Registration Depository, the IARD, which are electronic systems for registration of the firms and individuals covered by the Securities Act. The act contains no information sharing statute at this time, although Nebraska's Commodity Code authorizes some information sharing with the SEC. The department believes clear authority for information sharing as proposed in section 8 of the bill is appropriate for effective and coordinated enforcement and registration. The next change proposed by LB214 is the repeal of the registration by notification process. The Securities Act provides three methods of registration of securities: notification, coordination, and qualification. Registration by notification was a registration process that was used for elite or blue-chip issuers. At the time the procedure was established, there were only a limited number of exemptions and stock exchanges available for these types of issuers. Under registration by notification, registration statements were filed with both the SEC and the states. The offering automatically became effective in a state 24 hours after filing unless the department issued a stop order within that time frame. In the last 15 years, Nebraska has received no registrations by notification. Twenty-two states do not have a registration by notification process. Due to its now obsolete status, the amendments in sections 2, 3, 5, 7, and 13 to strike references to the registration by notification are proposed. LB214 would change the effective date of the federal acts referenced in the Securities Act from January 1, 2011, to January 1, 2013. The federal acts are the Securities Act of 1933, the Securities Exchange Act of 1934, the Investment Advisers Act of 1940, the Investment Company Act of 1940, and the Commodity Exchange Act. This update will provide for the most current reference to amendments made to those federal laws, including the Jumpstart Our Business

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

Startups Act, which is known as the "JOBS Act." The bill would also incorporate the renumbering of subsections in section 18 of the Securities Act of 1933 by the enactment of the JOBS Act. These updates are contained in sections 1 and 4 of the bill. The remaining update to the Securities Act is the removal of obsolete references to fund transfers made in 2000 and 2001 to the Affordable Housing Trust Fund. LB214 proposes cleanup amendments to Section 59-1722 of the Seller-Assisted Marketing Plan Act. This act provides for the registration of the sale of business opportunities in Nebraska, and is administered by the department's Securities Division. The amendments in section 11 of the bill will update references to the revised title of the federal rule for the offer and sale of franchise opportunities and correctly state the name of the North American Securities Administrators Association. I want to express my thanks to Senator Gloor for introducing this legislation, and I'll be happy to respond to any questions. [LB214]

SENATOR GLOOR: Thank you. Questions? Senator Pirsch. [LB214]

SENATOR PIRSCH: Thanks. And with respect to the issue of accredited investor definition, and what I understand that to aspire to is a parity with the federal now, definition of that. How many exempt offerings do we have occurring in the state? Do you have a rough kind of... [LB214]

JOHN MUNN: Well, by exempt like a Reg D offering allows for any accredited investors to be exempted, and then also up to 35 nonaccredited, so it may vary. It's not always all one or the other. [LB214]

SENATOR PIRSCH: Right. I guess what I'm trying to get a sense of, is this going to have a significant impact in a number of offerings in the state because of the new definition? [LB214]

JOHN MUNN: You know, as to the number of accredited investors, whatever change will happen there, you know, the purpose of the accredited investor is to identify who has it to lose. You know, if you say, if you claim the accredited investor exemption, you're saying, this is money I can lose. You don't need to disclose all this stuff to me. I don't know how much the pool of accredited investors might be constricted by this change in definition. [LB214]

SENATOR PIRSCH: Yeah. I would assume that a house is generally the principal store of worth, you know, of one's net worth, so I do appreciate it. [LB214]

JOHN MUNN: Sure. [LB214]

SENATOR GLOOR: Other questions? Senator Schumacher. [LB214]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

SENATOR SCHUMACHER: Just a couple of questions here with regard to page 9, (section) 8-1104: It will be unlawful for a person to offer to sell security unless the security is registered by notification--which you've explained--which is basically a notice at the time the federal paperwork is filed by coordination or by qualification. Could you explain those two processes just for our education? [LB214]

JOHN MUNN: Sure. A coordination filing happens when there's a filing with the SEC and at the same time a filing is made with the state. The qualification offering is much more limited and generally is used only when somebody wants that security registered in Nebraska. And some of our more recent ones have been like ethanol plants where they want strictly Nebraska investors, we would consider that by qualification rather than by coordination with the SEC. [LB214]

SENATOR SCHUMACHER: So they also then file something with the SEC? [LB214]

JOHN MUNN: Yeah. [LB214]

SENATOR SCHUMACHER: With a qualification? [LB214]

JOHN MUNN: No. [LB214]

SENATOR SCHUMACHER: No. Okay. Then the second part of this says, I guess it's number three, the security is a federal covered security. What ...is that something issued by the federal government or something...? [LB214]

JOHN MUNN: That would mean that the SEC has made approval, then they're considered fed covered. [LB214]

SENATOR SCHUMACHER: So that's...but almost every security in one respect or another under the '33 or '34 act is covered. I mean, there's...the federal, so isn't that kind of a fraud thing considering that every security is covered by the federal act, certainly the antifraud provisions of the federal act? Should we say something different there? [LB214]

JOHN MUNN: You know, whether it's meant as a belt and suspenders type of situation, Senator, I cannot say. [LB214]

SENATOR SCHUMACHER: Because it almost seemed that that clause there...every security is covered under the federal act or at least some portions of it. I mean, it takes it out of the exemptions as I read it here. I think maybe kind of take a look at that before it comes up on the floor because it will be unlawful to offer in this state unless it's a federal security...the security is a federal public security. And if everything is covered in one form or another under the federal acts, pretty much nullifies that whole sentence.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

[LB214]

JOHN MUNN: Well, it would tend to pull everything in. But I...it would be good to have for you, yeah. [LB214]

SENATOR SCHUMACHER: Thank you. [LB214]

SENATOR GLOOR: Do you want to add that or make comment on it? [LB214]

BILL MARIENAU: If you wanted to. [LB214]

SENATOR GLOOR: Sure, go ahead. Go ahead. [LB214]

BILL MARIENAU: And Mr. Chairman, I was just visiting here and I just thought we'd point out, federal covered security is a defined term in the Securities Act. Although when one reads it, it says, it's a covered security under section 18(b) of the Securities Act of 1933 or rules and regulations promulgated under that federal act. But that's all it says. [LB214]

SENATOR GLOOR: Other questions? Senator Carlson. [LB214]

SENATOR CARLSON: Thank you, Senator Gloor. You know, I think this has been in statute for quite a while, the definition of a qualified investor with a net worth of a million dollars. A million has been in there for a long time, hasn't it? [LB214]

JOHN MUNN: Um-hum. [LB214]

SENATOR CARLSON: It's probably about time to change on it as...I wouldn't suggest that in this bill, but it's probably something that ought to be looked into. If I have a quarter of irrigated land right now, I'm more than a millionaire, probably, and may not have any liquidity. [LB214]

JOHN MUNN: That's right. I've seen balance sheets like that. [LB214]

SENATOR CARLSON: Yeah, I suppose. (Laughter) [LB214]

JOHN MUNN: Well, and on this topic, you know, the pendulum...Dodd-Frank swung the pendulum toward more regulation. There's discussion that maybe IRAs should be exempted, but it's not in there now. But that's something we might see coming down the pike is that you wouldn't be able to count an IRA in there, because is that an investable for purposes of securities? Probably not. [LB214]

SENATOR CARLSON: Well, it's probably not a good idea to have it very liquid. [LB214]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

JOHN MUNN: So the definition could become even tighter in the future. [LB214]

SENATOR CARLSON: Thank you. [LB214]

SENATOR GLOOR: Other questions? Seeing none, thank you, Director Munn. [LB214]

JOHN MUNN: Thank you. [LB214]

SENATOR GLOOR: (Exhibit 2) Can I see a show of hands of proponents who wish to testify? Opponents? Anyone in a neutral capacity? Seeing none, that closes the hearing on LB214. We'll now move to LB279. Senator Pirsch. [LB214 LB279]

SENATOR PIRSCH: Thank you, Chairman Gloor. For the record, my name is Pete Pirsch, last name P-i-r-s-c-h. I represent Legislative District 4. I am the sponsor of LB279, and this I bring to you on behalf of the department. So unless you have any questions specific to me, I will defer to the department who will testify here after me. [LB279]

SENATOR GLOOR: Any questions for Senator Pirsch at this time? Seeing none, thank you, Senator Pirsch. Can I see a show of hands of proponents? I see one. Feel free to come forward, Mr. Munn, Director Munn. [LB279]

JOHN MUNN: (Exhibit 1) Chairman Gloor, members of the Banking, Commerce and Insurance Committee, my name is John Munn, M-u-n-n. I'm director of the Nebraska Department of Banking and Finance. I'm appearing today in support of LB279, which was introduced at the request of the department. LB279 proposes updates to the loan broker statutes, the Delayed Deposit Services Licensing Act, and the Installment Loan Act. These laws all relate to consumer finance and are under the jurisdiction of the department. Sections 45-189 to 45-191.11 govern loan brokers operating in Nebraska. These laws provide that persons who attempt to arrange loans or assist borrowers in making application for loans must utilize written agreements and disclosure statements containing language set out in the statute. They must file the documents with the department prior to use, and they cannot collect advance fees. Entities such as financial institutions and insurance companies are excluded from the loan broker statute, and specified individuals are exempted from compliance with these laws. LB279 proposes two amendments to the loan broker statutes. The first amendment, found in section 1 of the bill, clarifies the exclusion from the definition of "loan broker" in section 45-190 by placing these exclusions in a separate subsection rather than within the body of the definition. The amendment does not add to or remove any of the exclusions, but it will alleviate confusion by specifying the named entities to which the phrase "subject to regulation or supervision under the laws of the United States or this state" is applicable. The second amendment is to section 45-191.10, the loan broker exemption statute.

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

Section 2 of the bill proposes to narrow the exemption for accountants to exempt only certified public accountants. The accountant exemption has shown itself to be overly broad in that it allows anyone calling him or herself an accountant to claim the exemption. A recent loan scam was perpetrated by a so-called accountant claiming this exemption. This revision will comport with the other exemptions in the statute for attorneys, real estate brokers, broker-dealers, and investment advisers, all of which have a professional license. LB279 proposes one amendment to the Delayed Deposit Services Licensing Act, which regulates the industry generally known as payday lending. Licensees under this act hold the customer's check for a period not to exceed 34 days, and are allowed to charge a fee of up to \$15 per \$100 that they obtain. These licensees are examined on a regular basis by the department. The amendment in section 3 of the bill will provide authority to the department to share examination reports and other confidential information regarding licensees with the Consumer Financial Protection Bureau and our counterparts in other states and U.S. territories. Although the CFPB does not have licensing authority, it has the authority to supervise and enforce federal consumer protection laws over providers of consumer financial products, including payday lenders. Previously there was no need for a specific information sharing statute in the act because there was no federal regulator for payday lenders. In 2012, the CFPB began examining payday lenders, including companies with multi-state operations. The department expects to participate in some CFPB examinations when there is a licensed office of a multi-state company in Nebraska. It has been our experience in regulating the various financial entities that the ability to share information and examinations with other federal and state regulators promotes coordination, efficiencies, and enforcement. LB279 contains three cleanup amendments to the Installment Loan Act. These companies make consumer loans, are active in home equity financing, and are subject to licensing and other regulatory requirements. In 2011, the licensing process was transitioned from a manual process to the Nationwide Mortgage Licensing System and Registry. The amendments in sections 4, 5, and 6 of the bill simply eliminate obsolete references to that transition. I want to express my thanks to Senator Pirsch for introducing LB279. I'll be happy to answer any questions.

[LB279]

SENATOR GLOOR: Director Munn, section 45-190, definition of loan broker, what is the problem that we've had that this bill would address? [LB279]

JOHN MUNN: The problem has been in trying to allow people to identify if they qualify, the definition goes into the exceptions. What this bill would do was place the exceptions to licensing in a separate section so that the definition says what a loan broker is. Doesn't say what they aren't. [LB279]

SENATOR GLOOR: Okay. Other questions? Senator Carlson. [LB279]

SENATOR CARLSON: Thank you, Senator Gloor. On page 3, and about in the middle

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

of the page there, (iii), section "(iii) Is employed as an agent for the purpose of soliciting borrowers as clients of the employer." And yet a loan broker is not a bank, is not a trust company, is not savings and loan or a subsidiary. Give me an example of an employer that would hire somebody to go out and find people that want to borrow money from the employer. That's what's happening here, isn't it? [LB279]

JOHN MUNN: And it's a...it's a permitted, is it not? Right. [LB279]

SENATOR CARLSON: Well, that's part of the definition of it. [LB279]

JOHN MUNN: That's permitted, because over...if I'm reading it correctly, over on page 2, 5(a) begins, "Loan broker means any person." [LB279]

SENATOR CARLSON: Right. So it's part of the definition of a loan broker. [LB279]

JOHN MUNN: Yes. [LB279]

SENATOR CARLSON: And so this is somebody that goes out and tries to get people to borrow money from somebody. And the somebody here is the employer. What's an example of somebody, an employer? [LB279]

JOHN MUNN: An employer could be a licensed consumer loan company, for example. [LB279]

SENATOR CARLSON: A savings and loan? [LB279]

JOHN MUNN: Well, no, that would be a chartered institution. I'm thinking more of a licensed institution where the employees wouldn't be subject to licensure themselves. Where they could solicit that business, but they couldn't give you the loan. You'd have to go to the employer to obtain the loan, and that's where the oversight would occur of that activity would be with the employer. [LB279]

SENATOR CARLSON: Well, I'm trying to get this in my mind what the picture would even look like. And if it was an individual, it would be somebody with a lot of money that is not content with the 1 or .5 percent that the bank is currently paying him or her. [LB279]

JOHN MUNN: Um-hum. [LB279]

SENATOR CARLSON: You'd rather loan that money out to somebody else that could charge 5 or 6 percent or whatever. [LB279]

JOHN MUNN: Um-hum. [LB279]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

SENATOR CARLSON: Is that what it fits here that then that individual would hire somebody and that would be...that would be a loan broker to go out and find people? If I had a lot of money, and I would hire you to go out and find people who want to borrow my money for a pretty good rate of interest, are you a loan broker? [LB279]

JOHN MUNN: Yes, under the definition in the act, because...but I would send that individual to Senator Carlson, you know, to actually get the loan. [LB279]

SENATOR CARLSON: Then I'd have some kind of agreement with you what I was going to pay you as you brought that customer in. [LB279]

JOHN MUNN: Exactly. [LB279]

SENATOR CARLSON: Okay. And that's legal. [LB279]

JOHN MUNN: Yes. [LB279]

SENATOR CARLSON: And you just have to be licensed as a loan broker. [LB279]

JOHN MUNN: Right. [LB279]

SENATOR CARLSON: Okay. [LB279]

JOHN MUNN: And Senator Carlson would need to be also to comport with the requirements. [LB279]

SENATOR CARLSON: Okay. Don't worry about Senator Carlson, but I use it as an example. (Laughter) [LB279]

SENATOR GLOOR: Other questions? Senator Schumacher. [LB279]

SENATOR SCHUMACHER: Just along those lines, in page 3 of the line 10 where it says, "Is employed as an agent for the purpose of soliciting borrowers as clients of the employer." That "as" is what I think is creating my confusion on a little bit. Soliciting borrowers to be clients of the... [LB279]

JOHN MUNN: Of the persons...the agent's employer? [LB279]

SENATOR CARLSON: ...employer? Would that say it better? [LB279]

JOHN MUNN: Of the agent's employer? [LB279]

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

SENATOR SCHUMACHER: Okay. I understand a little better then. Thank you. [LB279]

SENATOR GLOOR: Other questions? Seeing none, thank you. [LB279]

JOHN MUNN: Thank you. [LB279]

SENATOR GLOOR: (Exhibit 2) Other proponents? Opponents? Anyone in a neutral capacity? Seeing none, we will close the hearing on LB279 and move to LB290. Senator Pirsch. [LB279 LB290]

SENATOR PIRSCH: Thank you, Chairman Gloor, and again I'll be brief. I'm Pete Pirsch, P-i-r-s-c-h, for the record I represent Legislative District 4. I am the sponsor of LB290 and again I would, you know, be happy to answer any questions, but I think it probably for efficiency sake would be better time spent to have the director of the department again testify as to what the bill holds and answer questions, but... [LB290]

SENATOR GLOOR: All right. Are there any questions for Senator Pirsch? [LB290]

SENATOR PIRSCH: And I'll waive my closing, too, so. [LB290]

SENATOR GLOOR: Thank you, Senator Pirsch. Proponents? Senator...or Director Munn. [LB290]

JOHN MUNN: (Exhibit 1) So as to not appear to becoming emotional on some of these, might I request a glass of water? (Laughter) [LB290]

SENATOR GLOOR: Absolutely. I think we even have tea, if you want to get exotic. [LB290]

JOHN MUNN: I'm becoming dehydrated. [LB290]

SENATOR GLOOR: Since you're doing most of the talking, you're certainly welcome to have two glasses of water if you eventually need them. (Laughter) Feel free to start when you're ready. [LB290]

JOHN MUNN: Chairman Gloor and members of the Banking, Commerce and Insurance Committee, my name is John Munn, M-u-n-n. I'm director of the Nebraska Department of Banking and Finance. I'm appearing today in support of LB290 which was introduced at the request of the department. LB290 proposes updates to the Residential Mortgage Licensing Act. This act is under the jurisdiction of the department and provides for the regulation of the residential mortgage banking industry in Nebraska. The most substantive provisions of the bill are found in sections 4 and 5. Section 4 would amend section 45-737, which currently provides a single set of duties for both mortgage banker

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

licensees, which are the firms, and for mortgage loan originator licensees, who are the individuals covered under the act. A number of those duties can only be performed by the firms. LB290 rectifies this situation by providing that section 45-737 will only be applicable to the firms, the mortgage bankers, and adopting a separate statute setting out duties for mortgage loan originators. Mortgage loan originator duties as set out in section 5 of the bill will include notification to the department within ten days of events such as bankruptcy, criminal indictments, a suspension or revocation proceeding instituted by another jurisdiction, and notification within 30 days of items such as changes of name, address, and employer. The duties of mortgage bankers will also be clarified as to the types of orders and proceedings that mortgage banker licensees must report to the department. Under both laws, notifications may be sent electronically to the department. Section 3 of the bill will amend section 45-729 relating to abandoned applications, both mortgage banker and mortgage loan originator applications, to provide that the department is to calculate the one hundred twenty day abandonment period from the date that the department sends the applicant notice of a deficiency in the application. This authorizes calculation from the date of electronic transmission to the applicant. Since all applications and deficiency notices are submitted through the Nationwide Mortgage Licensing System and Registry, the proposed language uses the term "sends" rather than "mailing," should have been used when this provision was adopted in 2012. The Nationwide Mortgage Licensing System and Registry also notifies the applicant via e-mail that the department has posted a deficiency notice on the system. For individual applicants, the applicant's employer also receives a notice that the department has placed a deficiency notice on the system. The final substantive amendment to the Residential Mortgage Licensing Act is set out in section 6 of the bill and would revise section 45-741(7). This statement provides that in the course of an investigation, a department may rely on reports prepared by a licensee for specified federal agencies or federally related entities. The amendment would add reports that a licensee prepared for the Consumer Financial Protection Bureau as a report that our agency may rely on. I want to express my thanks to Senator Pirsch for introducing LB290, and I'll be happy to answer any questions. [LB290]

SENATOR GLOOR: Thank you, Mr. Director. Are there questions? Senator Christensen. [LB290]

SENATOR CHRISTENSEN: Thank you, Chairman. Director, the Nationwide Mortgage Licensing System and Registry, because here in page 9, section 9, says you can notify director in writing, which is direct to you here at the state, and I assume the nationwide mortgaging is a national thing that if they're doing it that way, do they just go on and select the state and then it sends here? Is that the way that works? [LB290]

JOHN MUNN: Exactly. And, in fact, one of the advantages of the Nationwide...I'll call it the NMLSR advantage is, is if that individual mortgage loan originator is licensed in more than one state and they change their address or something happened to them

Transcript Prepared By the Clerk of the Legislature
Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013

financially, they transmit that information to the NMLSR and it goes to any state in which they are licensed. That's one of...the companies and individuals really like this because it's just a single point of contact. Whatever state they're licensed in, then it also goes there. [LB290]

SENATOR CHRISTENSEN: I thought that's the way it worked, but thank you. [LB290]

JOHN MUNN: Yep. [LB290]

SENATOR GLOOR: Other questions? Senator Carlson. [LB290]

SENATOR CARLSON: Thank you, Senator Gloor. Now, we've got quite a bit of new wording here on page 11. And we start really in section 5 and all the way through page 12 and part of the way down 13. Summarize that, would you, please? [LB290]

JOHN MUNN: We want to know when any other state takes an action against a mortgage banker licensee or a mortgage loan originator because that may impact how we view an individual's licensing in Nebraska. And what we attempted to do was set out a laundry list, okay, and we'll probably be back in the future with more types of actions, but for starters, here's all the actions that we would expect to be notified about. [LB290]

SENATOR CARLSON: So that should help in running the department in such a way that it really adds to protection for our citizens, would you say? [LB290]

JOHN MUNN: Exactly. And if mortgage loan originators say an individual has been a bad actor in Florida and they're also licensed in Nebraska, we may want to consider what they did in Florida, could lead to revocation on our part. [LB290]

SENATOR CARLSON: Okay. All right. Thank you. [LB290]

SENATOR GLOOR: Other questions? Seeing none, thank you, Director Munn. [LB290]

JOHN MUNN: Thank you. Thanks for the water. [LB290]

SENATOR GLOOR: Other proponents? Opponents? Anyone who wishes to speak in a neutral capacity? Senator Pirsch waived his closing. I apologize forgetting to allow you to do a closing on LB279, but I think it would have been the same. [LB290]

SENATOR PIRSCH: No, I waived that, too, yep. [LB290]

SENATOR GLOOR: (Exhibit 2) That closes the hearing on LB290 and our agenda for today. The committee is going to Exec so I would ask people to move quickly, but quietly, or in, quietly. Thank you very much. [LB290]

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Transcriber's Office

Banking, Commerce and Insurance Committee
January 28, 2013
