

Approved: ARB/jb
Date: March 11, 2009

MINUTES OF THE HOUSE FINANCIAL INSTITUTIONS COMMITTEE

The meeting was called to order by Chairman Anthony Brown at 3:30 p.m. on March 4, 2009, in Room 784 of the Docking State Office Building.

All members were present except Mario Goico.

Committee staff present:

Bruce Kinzie, Office of the Revisor of Statutes
Melissa Calderwood, Kansas Legislative Research Department
Terri Weber, Kansas Legislative Research Department
Joyce Bishop, Committee Assistant

Conferees appearing before the committee:

Ron Gaches, Kansas Association of Financial Services
Kevin Glendening, Deputy Commissioner, Office of the State Bank Commissioner
Craig Yaryan, President, Kansas Association of Mortgage Brokers
Kathleen A. Olsen, Senior Vice President, General Counsel, Kansas Banker's Association

Others attending:

See attached list.

Chairperson Brown opened the hearing on **SB 240 - Mortgages, the regulation of.**

Kevin Glendening, Deputy Commissioner, Office of the State Bank Commissioner, presented testimony in favor of **SB 240 (Attachment 1).**

Craig Yaryan, President, Kansas Association of Mortgage Brokers, presented testimony in favor of **SB 240 (Attachment 2).**

Ron Gaches, on behalf of Kansas Association of Financial Services, presented testimony in favor of **SB 240 (Attachment 3).**

Kathleen A. Olsen, Senior Vice President, General Counsel, Kansas Banker's Association presented written testimony only in favor of **SB 240 (Attachment 4).**

Chairperson Brown closed the hearing on **SB 240.**

The next meeting is scheduled for March 9, 2009.

The meeting was adjourned at 4:12 p.m.

OFFICE OF THE STATE BANK COMMISSIONER
J. THOMAS THULL, *Bank Commissioner*

House Financial Institutions Committee

March 3, 2009

Re: SB 240

Mr. Chairman and members of the committee:

This past summer Congress passed The Housing and Economic Recovery Act of 2008. Contained in Title V of that legislation, known as the SAFE Mortgage Licensing Act, are certain federal requirements pertaining to State regulation of mortgage loan originators. The central goal of the SAFE Act is to facilitate mortgage regulation by implementing a nationwide mortgage loan originator registry to encourage uniform applications and reporting requirements for loan originators. This registry in turn, should facilitate sharing information among regulators and, for some states, improve the ability of consumers to identify individuals who may have had enforcement actions taken against them. The majority of amendments contained in SB 240 are designed to bring current State law into compliance with the provisions of the SAFE Act. The federal law generally requires states to implement these requirements by July 31, 2009.

Kansas law has regulated mortgage businesses since 1996 and required registration of individual loan originators under the Kansas Mortgage Business Act since 2001. As such, many of the SAFE Act requirements pertaining to loan originators, including continuing education, criminal background checks, and prohibited activities already exist in current state law. In relation to the SAFE Act, SB 240 adds those additional requirements mandated by the new federal law, and those necessary to participate in the nationwide registry system. Other amendments in the bill address prohibitions on advertising mortgage rates or terms unless those rates and terms are actually available; and, influencing the independent judgment of an appraiser or other person in connection with a mortgage loan. Other amendments facilitate our examination procedures, including the licensee's security and safeguarding of records containing consumer's personal or financial information, and preventing a company from escaping enforcement action by surrendering a license.

Following passage of the SAFE Act last summer, all states have been actively engaged in weekly group discussions about implementation of the federal requirements. Early in that process it was determined a practical method to facilitate communication between the states and HUD, the federal regulator charged with implementing the law, was to utilize AARMR and CSBS as conduits to HUD for questions and answers about the law. To that end, the amendments in this bill have been structured to meet those requirements put forth by HUD in order to comply with the minimum federal requirements. I thank the committee members for their favorable consideration of the bill and I am happy to answer any questions.

Kevin Glendening, Administrator
Kansas Uniform Consumer Credit Code
Deputy Bank Commissioner
Office of the State Bank Commissioner

HOUSE FINANCIAL INSTITUTIONS
DATE: 3/4/2009
ATTACHMENT: 1-1

Housing[About Housing](#)[Contact us](#)[Keywords](#)[Single Family](#)[Audience groups](#)[Buying a home](#)[Events & training](#)[FHA insured loans](#)[Common questions](#)[Housing counseling](#)[HUD homes/ REO](#)[Owning a home](#)[Reference guide](#)[Regulatory programs](#)[Hospitals](#)[Multifamily](#)[OAHP](#)[Reading room](#)[Online forums](#)[Work online](#)**HUD news****Homes****Resources****Communities****Working with HUD****Tools**[Webcasts](#)[Mailing lists](#)[RSS Feeds](#)[Help](#)

SAFE MORTGAGE LICENSING ACT

About the Act

[Information by State](#)[Print version](#)

The Housing and Economic Recovery Act of 2008, signed into law on July 30, 2008 (Public Law 110-289) (HERA), constitutes a major new housing law that is designed to assist with the recovery and the revitalization of America's residential housing market - from modernization of the Federal Housing Administration, to foreclosure prevention, to enhancing consumer protections. The SAFE Act is a key component of HERA.

Safe Act Model State Law

The SAFE Act is designed to enhance consumer protection and reduce fraud by encouraging states to establish minimum standards for the licensing and registration of state-licensed mortgage loan originators and for the Conference of State Bank Supervisors (CSBS) and the American Association of Residential Mortgage Regulators (AARMR) to establish and maintain a nationwide mortgage licensing system and registry for the residential mortgage industry for the purpose of achieving the following objectives:

- (1) Providing uniform license applications and reporting requirements for state licensed-loan originators;
- (2) Providing a comprehensive licensing and supervisory database;
- (3) Aggregating and improving the flow of information to and between regulators;
- (4) Providing increased accountability and tracking of loan originators;
- (5) Streamlining the licensing process and reducing regulatory burden;
- (6) Enhancing consumer protections and supporting anti-fraud measures;
- (7) Providing consumers with easily accessible information, offered at no charge, utilizing electronic media, including the Internet, regarding the employment history of, and publicly adjudicated disciplinary and enforcement actions against, loan originators;
- (8) Establishing a means by which residential mortgage loan originators would, to the greatest extent possible, be required to act in the best interests of the consumer;
- (9) Facilitating responsible behavior in the subprime mortgage market place and providing comprehensive training and examination requirements related to subprime mortgage lending;
- (10) Facilitating the collection and disbursement of consumer complaints on behalf of state mortgage regulators.

The new standards, as well as the uniformity and consistency of such standards, directed to be established nationwide by the SAFE Act present a significant step in the effort to increase integrity in the residential mortgage loan market, enhance consumer protections, and reduce fraud. The SAFE Act encourages states to participate in the Nationwide Mortgage Licensing System and Registry, and requires states to have in place, by law or regulation, a system for licensing and registering loan originators that meets the requirements of sections 1505, 1506, and 1508(d) of the SAFE Act. The SAFE Act requires the states to have the licensing and registration system in place by: (1) July 31, 2009, for states whose

legislatures meet annually; and (2) July 31, 2010, for states whose legislatures meet biennially. For both this 1-year period and 2-year period, HUD may extend the deadline, by not more than 24 months, if HUD determines that a state is making a good faith effort to establish a state licensing law that meets the minimum requirements of the SAFE Act. (See the complete text of the SAFE Act.)

To aid and facilitate states' compliance with the requirements of the SAFE Act, the Act directs the establishment of a nationwide mortgage licensing system and registry (NMLSR), to be developed and maintained by CSBS and AARMR. If HUD determines that a state's mortgage loan originator licensing standards do not meet the minimum requirements of the Act, HUD must implement and administer a licensing system for that state. A loan originator in such a state would have to comply with the requirements of HUD's SAFE Act-compliant licensing system for that state as well as with any applicable state requirements. A HUD license for a state would be valid only for that state, even if HUD must implement licensing systems in multiple states. Additionally, if HUD determines that the NMLSR is failing to meet the requirements and purposes of the SAFE Act, HUD must establish a system that meets the requirements of the SAFE Act.

For the last several months, CSBS and AARMR have undertaken considerable outreach to states and the financial services industry regarding the development of the NMLSR and of legislation that would meet the requirements of the SAFE Act. CSBS and AARMR have developed a model state law (MSL) designed to assist and facilitate states to enact legislation on mortgage loan originator licensing that complies with the SAFE Act and by the deadlines imposed by the SAFE Act. While states are charged with enacting licensing standards that meet the requirements of the SAFE Act, overall responsibility for interpretation, implementation, and compliance with the SAFE Act rests with HUD. In this regard, CSBS and AARMR requested that HUD review the model legislation, and advise of its sufficiency in meeting applicable minimum requirements of the SAFE Act.

CSBS/AARMR MODEL LEGISLATION

HUD reviewed the model legislation to determine whether it meets the minimum requirements of the SAFE Act and finds that it does. State legislation that follows the provisions of the model legislation, whether by statute or regulation, will be determined to have met the applicable minimum requirements of the SAFE Act. (The complete text of the model legislation, reviewed by HUD, is provided here.) More information about the model legislation can be found at CSBS's [website](#). The commentary that follows presents HUD's views and interpretations of certain statutory provisions that required consideration and analysis in determining that the model legislation meets the minimum requirements of the SAFE Act.

HUD Commentary

Through this commentary, HUD advises of the analysis of the SAFE Act that was undertaken in reviewing the model legislation and of HUD's interpretation of certain provisions in the SAFE Act. These interpretations are designed to assist the states, as well as members of the public, in understanding how HUD determined that the model legislation meets the minimum requirements of the SAFE Act, and to assist states in adopting legislation or regulations that meet the minimum requirements of the SAFE Act.

A. Standards in Legislation May Exceed Standards in SAFE Act

The SAFE Act's licensing and registration standards for mortgage loan originators are minimum standards. (See section 1505(b).) Legislation enacted or regulations promulgated by a state may exceed the minimum standards of the SAFE Act. States may not, however, enact legislation, promulgate regulations, or otherwise impose requirements that would frustrate the objectives of the SAFE Act, keeping in mind that the SAFE Act's primary objectives include provision of a comprehensive licensing and supervisory system with uniform application and reporting requirements.

B. Definition – Loan Originator

Section 1503(3)(A)(i) of the SAFE Act defines "loan originator" as "an individual who (I) takes a residential mortgage loan application; and (II) offers or negotiates terms of a residential mortgage loan for compensation or gain." Section 1503(3)(B), entitled "Other Definitions Relating to Loan Originator" provides "For purposes of this subsection, an individual 'assists a consumer in obtaining or applying to obtain a residential mortgage loan' by, among other things, advising on loan terms (including rates, fees, other costs), preparing loan packages, or collecting information on behalf of the consumer with regard to a residential mortgage loan.

" HUD interprets "application" to include any request from a borrower, however communicated, for an offer (or in response to a solicitation of an offer) of residential mortgage loan terms, as well as the information from the borrower that is typically required in order to make such an offer. HUD interprets "tak[ing]" an application to mean receipt of an application for the purpose of deciding whether or not to extend the requested offer of a loan to the borrower, whether the application is received directly or indirectly from the borrower.

Since it generally would not be possible for an individual to offer to or negotiate residential mortgage loan terms with a borrower without first receiving the request from the borrower (including a positive response to a solicitation of an offer) as well as the information typically contained in a borrower's application, HUD considers the definition of loan originator to encompass any individual who, for compensation or gain, offers or negotiates pursuant to a request from and based on the information provided by the borrower. Such an individual would be included in the definition of loan originator, regardless of whether the individual takes the request from the borrower for an offer (or positive response to an offer) of residential mortgage loan terms directly or indirectly from the borrower.

The SAFE Act also describes activities in the residential mortgage process that are excluded from the definition of "loan originator." Activities that are excluded are those that pertain to administrative or clerical tasks; real estate brokerage activities by individuals licensed or registered by a state to undertake real estate brokerage activities unless a person is compensated by a loan originator, loan processing or underwriting undertaken under the direction and supervision of a state-licensed loan originator or registered loan originator; and those individuals solely involved in extensions of credit relating to timeshare plans.

HUD interprets an individual who "takes a residential mortgage loan application" to exclude an individual who performs purely administrative or clerical tasks, such as physically handling a completed application form or transmitting a completed form to a lender on behalf of a prospective borrower. This interpretation is consistent with the exclusion defined in section 1503(3)(C) of the SAFE Act. On the other hand, HUD views activity that involves assisting or advising a prospective borrower in the completion of an application extending beyond purely administrative or clerical tasks falls within coverage of the SAFE Act provided by section 1503(3)(B). As a result, an individual who offers or negotiates residential mortgage loan terms for compensation or gain could not avoid applicability of the SAFE Act standards by having another person or entity take the application from the prospective borrower and then pass the application to the individual. A state licensing and registration system that permits such individuals to avoid compliance with SAFE Act standards would be determined by HUD to be not in compliance with the SAFE Act. A state may clarify that such individuals are not exempt from licensing requirements. The MSL provides one approach in making this clarification in section XX.XXX.030(6).

Notwithstanding the broad definition of "loan originator" in the SAFE Act, there are some limited contexts where offering or negotiating residential mortgage loan terms would not make an individual a loan originator. The provision in the definition that loan originators are individuals who take an "application" implies a formality and commercial context that is wholly absent where an individual offers or negotiates terms of a residential mortgage loan with or on behalf of a member of his or her immediate family. State legislation that excludes from licensing and

registration requirements an individual who offers or negotiates terms of a residential mortgage loan only with or on behalf of an immediate family member will not be found to be out of compliance with the SAFE Act merely because of such exclusion. The MSL includes this exclusion in section XX.XXX.040(3)(b).

The commercial context implied by the taking of an "application" is also absent where an individual seller provides financing to a buyer pursuant to the sale of the seller's own residence. The frequency with which a particular seller provides financing is so limited that HUD's view is that Congress did not intend to require such sellers to obtain loan originator licenses. Accordingly, state legislation that excludes from licensing and registration requirements an individual who offers or negotiates terms of a residential mortgage loan only to the buyer or prospective buyer of the seller's residence will not be found to be out of compliance with the SAFE Act. The MSL includes this exclusion in section XX.XXX.040(3)(c).

Additionally, the definition generally would not apply to, for example, a licensed attorney who negotiates terms of a residential mortgage loan with a prospective lender on behalf of a client as an ancillary matter to the attorney's representation of the client, unless the attorney is compensated by a lender, mortgage broker, or other mortgage loan originator or by an agent of such lender, mortgage broker, or other loan originator. In such cases, the duties of loyalty, competence, and diligence owed by the attorney to his or her client are significant. HUD views the SAFE Act's requirements for registration and licensing as not applying in this context, which is distinguished from the commercial context contemplated in the SAFE Act. The MSL includes this exclusion in section XX.XXX.040(3)(d).

C. Definition of "Dwelling"

The SAFE Act's definition of "residential mortgage loan" includes a loan secured by a consensual security interest on a "dwelling" and cross-references the definition of dwelling in section 103(v) of the Truth in Lending Act (TILA) (15 U.S.C. 1601 note).

Regulation Z, which implements TILA, defines dwelling to mean "a residential structure that contains 1 to 4 units, whether or not that structure is attached to real property. The term includes an individual condominium unit, cooperative unit, mobile home, and trailer, if it is used as a residence." (12 CFR 226.2(a)(19).) Since both the SAFE Act and TILA address consumer protections for borrowers in housing finance transactions, HUD finds that the same interpretation applies under the SAFE Act. In addition, HUD interprets "mobile home" to include a manufactured home, as defined in the National Manufactured Housing Construction and Safety Standards Act of 1974. (42 U.S.C. 5402(6).)

D. Delayed Effective Date of Requirement to Obtain and Maintain a License

Under the SAFE Act, HUD may determine the acceptability of states' licensing and registration systems and of their participation in the NMLS as early as July 31, 2009, or July 31, 2010, as applicable. As a result, states are facing tight deadlines before they must enact legislation and implement systems to carry out licensing and registration requirements. To meet the SAFE Act's licensing requirements, NMLSR will have to develop tests and approve educational courses, mortgage loan originators will have to comply with testing, education, and bonding requirements, and states will have to evaluate the records of thousands of applicants.

Although a state should enact legislation or promulgate regulations by the applicable deadline, HUD's position is that Congress did not intend for states to require all mortgage loan originators to be licensed in accordance with the SAFE Act's standards immediately upon enactment of the state's legislation or issuance of regulations. Such a requirement could cause a massive disruption in the housing finance industry at a time when millions of Americans may be seeking to refinance their existing mortgages or to purchase a new home. The ability of loan originators to facilitate such transactions is critical to ameliorate the current conditions in the housing market, but in many states, individuals currently

performing loan originations may not be able to meet the educational, testing, and background check requirements by the time required legislation or regulations become effective. In addition, HUD is aware that some states already require licensure of loan originators, and that some individuals in those states will hold licenses that do not expire until as late as December 2010. Nonetheless, the provision for HUD to enforce the SAFE Act's standards in any state that fails to implement these standards reflects the underlying statutory concern that loan originators who do not meet these standards pose a significant risk to borrowers and the housing finance system. As a result, any period during which loan originators may operate without a SAFE Act-compliant license must be only as long as necessary for substantial numbers of qualified loan originators to obtain licenses.

Accordingly, HUD will not determine that a state's legislation is not in compliance with the SAFE Act merely because the legislation or regulations provide for a reasonable period following enactment for certain loan originators to be licensed under the new requirements. Considering the education, testing, and background check standards that license applicants must meet, HUD views a reasonable delay, with respect to individuals who do not already possess a valid loan originator license, is one which does not extend past July 31, 2010. Such a delay generally provides one year from state enactment of legislation for individuals to come into compliance with applicable requirements. (HUD has determined that all state legislatures that meet only biennially meet in 2009, which means that these states will have the opportunity to enact SAFE Act compliant legislation by July 31, 2009.) For individuals who possess licenses granted under a system that was in place prior to the SAFE Act-compliant system, HUD views a reasonable delay is one that does not extend past December 31, 2010. This effective date will accommodate individuals with two-year licenses that were granted or renewed as late as December 2008, and also synchronizes with the NMLSR's uniform annual license expiration date of December 31. The MSL provides in section L26-(1)(2) for these delayed effective dates for the state licensing requirement, and provides that these effective dates could be further extended only with HUD's approval. HUD may approve a later date only upon a state's demonstration that substantial numbers of loan originators (or of a class of loan originators) who require a state license face unusual hardship, through no fault of their own or of the state government, in complying with the standards required by the SAFE Act to be in the state legislation and in obtaining state licenses within one year.

E. State of Licensure

Section 1504(a) of the SAFE Act prohibits an individual from "engag[ing] in the business of a loan originator" without first obtaining a registration or state license. HUD interprets this provision to mean that an individual must comply with licensing and registry requirements of a state in order to engage in the business of a loan originator with respect to any residential property in that state, regardless of whether the individual or the prospective borrower is located in the state. This interpretation ensures that each state is able to establish and enforce the provisions of its SAFE Act licensing system and prevents an individual from circumventing a state's requirements simply by physically locating outside of the state and conducting business by telephone or other means. This interpretation, however, does not affect the level of reciprocity a state may grant to another state's determination that its own SAFE Act-compliant licensing requirements have been met. This interpretation promotes clarity by unambiguously determining which state's license is required for a given transaction. The MSL incorporates this interpretation in section XX.XXX.040(1).

F. Felony Convictions

Section 1505(b)(2) of the SAFE Act provides that, to be eligible for a license, an individual must not have been convicted of any felony within the preceding seven years or convicted of certain types of felonies at any time prior to application. Since the provision is triggered by a conviction, rather than by an extant record of a conviction, HUD interprets the provision to make an individual ineligible for a loan originator license even if the conviction is later expunged. Pardoned

convictions, in contrast, are generally treated as legal nullities for all purposes under state law and would not render an individual ineligible. The law under which an individual is convicted, rather than the state where the individual applies for a license, determines whether a particular crime is classified as a felony. The MSL clarifies that a pardoned conviction does not render an individual ineligible for a license under section XX.XXX.060(2)(c).

G. Surety Bond

Section 1508(d)(6) of the SAFE Act provides that states must set minimum net worth or surety bond requirements or establish a recovery fund paid into by loan originators. HUD has determined that a state may comply with the SAFE Act requirement by providing that, in the case of a company that employs more than one loan originator, the bonding requirement may be met at the company level. Individual loan originators would not have to be bonded separately. The MSL incorporates this interpretation in section XX.XXX.140(1).

FURTHER INFORMATION CONTACT: For information contact William Matchneer, Office of Regulatory Affairs and Manufactured Housing, Office of Housing, Department of Housing and Urban Development, 451 7th Street, SW, Washington, DC 20410-8000; telephone number 202-708-6401. (This is not a toll-free number.) Persons with hearing or speech impairments may access this number through TTY by calling the toll-free Federal Information Relay Service at 1-800-877-8339.

 [Back to top](#)



[FOIA](#)

[Privacy](#)

[Web Policies and Important Links](#)

[Home](#)



U.S. Department of Housing and Urban Development
451 7th Street S.W., Washington, DC 20410
Telephone: (202) 708-1112 TTY: (202) 708-1455
[Find the address of a HUD office near you](#)

My name is Craig Yaryan, President of the Kansas Association of Mortgage Professionals (KAMP) and I am here to express our association's support for SB 240. I would like to take this opportunity to underscore KAMP's long history of supporting professionalism in the industry and limiting access to this important market by "fly-by-night operators". During the past decade we have led the industry in providing formal classroom education to the mortgage industry throughout the state of Kansas. We are dedicated to protecting the interests of the consumer and the mortgage broker industry by advocating, regulating and certifying the highest standards in professionalism, ethics and education

It doesn't matter whether a consumer is applying for their loan at a large national bank, small local bank, credit union, mortgage broker, or someone covered by the UCCC Code, there are three important factors that must always be considered.

1. For most consumers, their home is their largest and most important investment.
2. The process of purchasing a home is a very complicated process. One in which underwriting guidelines are constantly changing, new loan products are either being introduced or removed from the market on a regular basis, appraisal requirements are changing, and the loan closing process can differ from one state to another.
3. It is quite evident that homeownership is the foundation of this country's economy.

Most consumers only go through this very complicated process once or twice in their lifetime. It is absolutely critical that those individual(s) that are in a position to meet with the consumer and either, take a loan application, quote interest rates, give advice, or any combination there-of have met a minimum standard of knowledge and ethics.

The only way to insure that all three of the above critical factors have been adequately addressed is to create a level playing field and establish the same minimum criteria for any individual that the consumer and our economy place such a large trust in. We also believe that it is imperative that this legislation works in concert with the Department of HUD.



Craig Yaryan

President

Kansas Association of Mortgage Professionals

HOUSE FINANCIAL INSTITUTIONS

DATE: 3-4-2009

ATTACHMENT:

2



GACHES, BRADEN & ASSOCIATES

Government Relations & Association Management

825 S. Kansas Avenue, Suite 500 ♦ Topeka, Kansas 66612 ♦ Phone: (785) 233-4512 ♦ Fax: (785) 233-2206

**Testimony of Kansas Association of Financial Services
In Support of SB 240
Submitted to House Financial Institutions Committee
Presented by Ron Gaches
Wednesday 4, 2009**

Thank you Chairman Brown and members of the committee for this opportunity to speak in support of Senate Bill 240, a bill amending the Kansas Uniform Consumer Credit Code. My name is Ron Gaches and I represent the Kansas Association of Financial Services.

Senate Bill 240 is introduced in response to new federal law that requires all states to become compliant with minimum licensure requirements for residential mortgage loan originators. Also, the bill makes a number of other changes regarding the regulation of financial service firms and loan originators, and allows Kansas and Kansas licensees to participate in a nationwide licensure program.

The members of KAFS have participated in the formation of these standards at the national level and have provided input to the Kansas Bank Commissioner's Office as they developed this legislation. While some of our members continue to examine the language of the bill and pose clarifying questions to the Commissioner's Office, we believe it to be a reasonable and prudent proposal to bring Kansas into compliance with the federal guidelines for such legislation and we endorse its passage by the committee.

HOUSE FINANCIAL INSTITUTIONS

DATE: 3-4-2009

ATTACHMENT: 3



March 4, 2009

To: House Committee on Financial Institutions

From: Kathleen Taylor Olsen, Kansas Bankers Association

Re: SB 240: Regulation of Mortgages

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to present written testimony in support of **SB 240** which makes several amendments to the Mortgage Business Act as well as to the Uniform Consumer Credit Code (U3C). We appreciate the fact that most of these changes are necessary to bring state law into compliance with the provisions of the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008. This will effectively keep the licensing and registry of mortgage lenders with the Office of the Bank Commissioner, as the nation prepares for a national registry of mortgage lenders.

We also support the clarification in the U3C of the calculation of time found in New Section 1. The long-standing practice in the industry has been to calculate periods of time specified in the U3C by using calendar days. However, we realized some time ago, that while that was the practice, it was not specifically addressed in the U3C. When we learned that this bill was going to amend the U3C in other areas, we approached the Banking Department and asked if they would consider clarifying this practice. They graciously agreed to do so.

In conclusion, we respectfully request that the Committee act favorably on **SB 240**. Thank you.