

February 2, 2016

The Honorable Jeff Longbine, Chairperson
Senate Committee on Financial Institutions and Insurance
Statehouse, Room 235-E
Topeka, Kansas 66612

Dear Senator Longbine:

SUBJECT: Fiscal Note for SB 369 by Senate Committee on Financial Institutions and Insurance

In accordance with KSA 75-3715a, the following fiscal note concerning SB 369 is respectfully submitted to your committee.

SB 369 would make changes to the Kansas Mortgage Business Act (KMBA). The bill would allow supervised lenders that currently conduct mortgage business that are licensed under the Kansas Uniform Consumer Credit Code to now be a Kansas mortgage company licensed under the KMBA. This change in license type would remove a duplicative reporting requirement and related fee, and would streamline the regulatory process for all non-depository entities that conduct mortgage business in Kansas.

The bill would allow the State Bank Commissioner to enter into an informal agreement with any mortgage company for a plan of action to address violations of law. The informal agreement would not be considered an order or other agency action, would be confidential and not be subject to subpoena power, and could not be used as evidence in any private civil action. The power to enter into an informal agreement would sunset on July 1, 2021. The bill would allow the State Bank Commissioner to provide guidance to persons and groups on their rights and duties under the KMBA. The bill would also update definitions and make other technical changes to the KMBA.

The Office of the State Bank Commissioner estimates that SB 369 would decrease license fee revenue for the Bank Commissioner Fee Fund by \$362,000 in FY 2017. The Office indicates that 150 supervised lenders that conduct mortgage business would no longer be required to file notification forms and associated annual and volume fees by moving to being licensed under the KMBA. Moving supervised lenders that conduct mortgage business to mortgage companies licensed under the KMBA would require a one-time transaction fee for the Nationwide Multistate Mortgage Licensing System and Registry. The Office indicates that it would spend approximately \$21,500 for mortgage companies and branches for this one-time

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transaction fee. The Office indicates the bill would reduce costs associated processing and tracking certain notification filings, answering questions about compliance issues, and issuing refunds for overpayments or collecting additional fees for underpayments. However, the cost savings are estimated to be negligible. Any fiscal effect associated with SB 369 is not reflected in *The FY 2017 Governor's Budget Report*.

Sincerely,

A handwritten signature in black ink, appearing to read "Shawn Sullivan", with a horizontal line extending to the right.

Shawn Sullivan,
Director of the Budget

cc: Judi Stork, Banking