Bill as Introduced

SB 121-FN – AS INTRODUCED

2003 SESSION

03-0814
06/10

SENATE BILL ***121-FN***

AN ACT relative to mortgage originator registration.

SPONSORS: Sen. Larsen, Dist 15; Sen. Below, Dist 5; Sen. Sapareto, Dist 19; Rep. Mock; Carr 4; Rep. Langley, Rock 88; Rep. Wall, Straf 72

COMMITTEE: Banks

ANALYSIS

This bill requires that originators of both first and second mortgage loans be registered with the bank commissioner before they may be originators and sets up a procedure for registration.

Explanation: Matter added to current law appears in ***bold italics.***
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

03-0814
06/10

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Three

AN ACT relative to mortgage originator registration.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 New Chapter; First Mortgage Originator Registration. Amend RSA by inserting after chapter 397-B the following new chapter:

CHAPTER 397-C

FIRST MORTGAGE ORIGINATOR REGISTRATION

397-C:1 Definition. In this chapter, "originator" means an individual who is employed or retained by a mortgage banker or broker, required to be licensed under RSA 397-A, and who, for compensation or gain or in the expectation of compensation or gain, negotiates, solicits, arranges or funds a mortgage loan. Originator shall not include an officer of a corporation, a general partner, a sole proprietor, or a member of a limited liability company.

397-C:2 Registration Required. Licensees shall register individuals as originators before they may be employed or retained as originators and no individual shall act as an originator without first being registered. No individual may act as an originator for more than one mortgage banker or broker. Originator registration shall terminate when the originator ceases to be associated with the licensee. Both the originator and the licensee shall notify the commissioner, in writing, within 30 days of the cessation of association between a licensee and an originator.

397-C:3 Application. When the commissioner receives an application for originator registration, he or she shall register the originator named in the application. The commissioner may deny the registration if he or she finds that the applicant has made a material misstatement in the application, or that the applicant's character, reputation, integrity, and general fitness do not warrant a belief that granting such registration would be in the public interest.

397-C:4 Fees and Registration Period. The licensee filing the originator application shall pay a registration fee of $50 to the commissioner at the time of filing. An originator registration shall remain in force until it has been surrendered, revoked, suspended, or expires, or when the association between the licensee and the originator ceases. An originator registration shall expire when the mortgage banker or broker's license expires under RSA 397-A:8. The mortgage banker or broker may renew an originator registration by filing an application for renewal and paying an annual renewal fee of $25 for each application.

397-C:5 Fees Nonrefundable. The commissioner shall not abate the originator registration fee if the registration is surrendered, revoked, suspended, or terminates before the period for which it was issued expires. All fees required by this section shall be nonrefundable.

397-C:6 Registration; Suspension, Revocation, Non-renewal. The commissioner may suspend, revoke, or refuse to renew the registration of an originator for any reason which would be sufficient to deny an original originator application or if he or she finds that the originator has committed any fraud, has misappropriated funds, or has misrepresented any of the material particulars of a mortgage loan transaction.

397-C:7 Appeal.

I. If the bank commissioner determines that the person named in the originator application fails to meet the requirements of this chapter, the bank commissioner shall, in writing, immediately notify the person so named and the licensee of the denial and the reasons for such denial.

II. The person named in the originator application may appeal a denial of registration in accordance with RSA 541-A and rules of the bank commissioner adopted thereunder.

III. The person named in the originator application may petition the banking department for a rehearing in accordance with RSA 541 if the decision in an appeal conducted pursuant to paragraph II affirms a denial of a originator registration.

2 New Chapter; Second Mortgage Home Loan Originator Registration. Amend RSA by inserting after chapter 398-A the following new chapter:

CHAPTER 398-B

SECOND MORTGAGE HOME LOAN ORIGINATOR REGISTRATION

398-B:1 Definition. In this chapter, "originator" means an individual who is employed or retained by a mortgage lender or broker, required to be licensed under RSA 398-A, and who, for compensation or gain or in the expectation of compensation or gain, negotiates, solicits, arranges or funds a mortgage loan. Originator shall not include an officer of a corporation, a general partner, a sole proprietor, or a member of a limited liability company.

398-B:2 Registration Required. Licensees shall register individuals as originators before they may be employed or retained as originators and no individual shall act as an originator without first being registered. No individual may act as an originator for more than one mortgage lender or broker. Originator registration shall terminate when the originator ceases to be associated with the licensee. Both the originator and the licensee shall notify the commissioner, in writing, within 30 days of the cessation of association between a licensee and an originator.

398-B:3 Application. When the commissioner receives an application for originator registration, he or she shall register the originator named in the application. The commissioner may deny the registration if he or she finds that the applicant has made a material misstatement in the application, or that the applicant's character, reputation, integrity, and general fitness do not warrant a belief that granting such registration would be in the public interest.

397-C:4 Fees and Registration Period. The licensee filing the originator application shall pay a registration fee of $50 to the commissioner at the time of filing. An originator registration shall remain in force until it has been surrendered, revoked, suspended, or expires, or when the

association between the licensee and the originator ceases. An originator registration shall expire when the mortgage lender or broker's license expires under RSA 397-A:8. The mortgage banker or broker may renew an originator registration by filing an application for renewal and paying an annual renewal fee of $25 for each application.

398-B:5 Fees Nonrefundable. The commissioner shall not abate the originator registration fee if the registration is surrendered, revoked, suspended, or terminates before the period for which it was issued expires. All fees required by this section shall be nonrefundable.

398-B:6 Registration; Suspension, Revocation, Non-renewal. The commissioner may suspend, revoke, or refuse to renew the registration of an originator for any reason which would be sufficient to deny an original originator application or if he or she finds that the originator has committed any fraud, has misappropriated funds, or has misrepresented any of the material particulars of a mortgage loan transaction.

397-C:7 Appeal.

I. If the bank commissioner determines that the person named in the originator application fails to meet the requirements of this chapter, the bank commissioner shall, in writing, immediately notify the person so named and the licensee of the denial and the reasons for such denial.

II. The person named in the originator application may appeal a denial of registration in accordance with RSA 541-A and rules of the bank commissioner adopted thereunder.

III. The person named in the originator application may petition the banking department for a rehearing in accordance with RSA 541 if the decision in an appeal conducted pursuant to paragraph II affirms a denial of a originator registration

3 Effective Date. This act shall take effect July 1, 2003.

LBAO
03-0814
1/24/03

SB 121-FN – FISCAL NOTE

AN ACT relative to mortgage originator registration.

FISCAL IMPACT:

The Banking Department has determined this bill will increase state restricted revenue by $117,500 in FY 2004 and by $70,500 in FY 2005 each year thereafter. State restricted expenditures will increase by $28,134 in FY 2004, $29,124 in FY 2005, $29,852 in FY 2006 and by $30,598 in FY 2007. There will be no fiscal impact on county and local revenue or expenditures.

METHODOLOGY:

The Department stated currently there are 470 licensed entities who would be required to register loan originators, and that this number will remain the same through FY 2007. The Department estimates on average each of the licensed entities would register five loan originators. This will result in a total of 2,350 loan originators being licensed. Costs associated with registering loan originators can be assumed within the departments budget.

Revenue	FY 2004	FY 2005	FY 2006	FY 2007
# of new loan originators	2,350	470	470	470
Loan originator renewals	0	1,880	1,880	1,880
First-time license fee	$ 50	$ 50	$ 50	$ 50
Renewal license fee	25	25	25	25
First-time license revenue	117,500	23,500	23,500	23,500
Renewal license revenue	0	47,000	47,000	47,000
Total license revenue	$117,500	$70,500	$70,500	$70,500

Committee Minutes

Date: February 18, 2993
Time: 1:30 p.m.
Room: 103 LOB

The Senate Committee on Banks held a hearing on the following:

SB 121-FN relative to mortgage originator registration.

Members of Committee present:
Senator Flanders
Senator Peterson
Senator Barnes
Senator Foster
Senator Odell

The Chair, Senator Robert B. Flanders, opened the hearing.

I'd like to open the hearing on SB 121. At this time I'll recognize Senator Larsen, the prime sponsor of this bill.

Senator Sylvia B. Larsen, D. 15: Good afternoon. For the record, my name is Sylvia Larsen. I'm Senator for District 15 and I'm the prime sponsor for SB 121. SB 121 would establish a process for the New Hampshire Banking Department to register mortgage originators. I believe this bill is an excellent step towards better protection for New Hampshire's consumers who enter into those transactions. Last year I introduced SB 392, an act that would have established a study of possible mortgage originator licensure. While the bill did not pass in it's original form, I'm pleased that the mortgage industry in New Hampshire followed through on it's promise to study the matter and I'm very pleased that SB 121 comes to you today with the support, at least by my understanding, of the Mortgage Bankers and Brokers Association of New Hampshire and the New England Financial Services Association. Mortgage originators are the individuals who negotiate, solicit, arrange or fund mortgage loans. They are the employees of licensed mortgage lending companies. The people you and I directly interact with when we fill out a mortgage application and take out a mortgage on our home. We are fortunate here in New Hampshire because we have not seen huge numbers of problems like other states that seem due to unscrupulous

home mortgage originators but there are anecdotal stories about problems some people have experienced here because a mortgage originator misinformed a borrower on the terms of a loan or acted improperly while doing their job as an originator. SB 121 will not solve all the possible problems that could occur but it will help weed out some of the bad actors whose bad acts often tarnish an entire industry. SB 121 is modeled after a similar law, which took effect last year in Connecticut. It's been found that the registration there does not place an undue burden on the mortgage lenders, it simply requires a mortgage lender to register its originators with the banking department. It gives the banking department the authority to register and monitor those who work as mortgage originators and it gives the banking department the ability to suspend or deny the registration of a person if they find that that person has ever committed fraud, misappropriated funds or misrepresented any material particulars of a mortgage loan transaction. In essence it removes those with a problem past from being able to work as mortgage originators in New Hampshire. The consumer's of this state have a right to know that the people that they deal with when mortgaging their homes are honest and understand the transactions that they are delivering. This bill will give the banking department one more tool to ensure that that's what happens. I'm happy to answer any questions you might have on SB 121 and there are people behind who work with mortgage originators every day.

Senator Robert B. Flanders, D. 7: Any questions of this witness? Senator Barnes.

Senator John S. Barnes, Jr., D. 17: Thank you Mr. Chairman. I'm curious Senator Larsen on the application on page one, line 16. If I go in or someone else goes in and fills out an application and that's all there is to it. Then as I read here "the commissioner may deny the registration if he or she finds the applicant has made a material misstatement in the application, or that the applicant's character, reputation, integrity and general fitness do not warrant a belief that granting such registration would be in the public interest." How is the commission to determine that Jack Barnes is all the above and none of the above?

Senator Sylvia B. Larsen, D. 15: I can only answer that anecdotally although there's someone here from the banking department who may have more details on how they would implement this but there applicants in New Hampshire, at least originators in New Hampshire, who may come to New Hampshire with a record of having been cast out of another state that licenses or registers for inappropriate actions. Right now in New Hampshire people who move here and set up mortgage origination and business for example, there's no way to oversee or deny their operations. They're able to

get around it in ways that I think the Banking Department can explain. So particularly if there's a record of misbehavior on another state, then I think the commissioner would have a pretty clear way to do it. Otherwise I think we'd want to hear from the banking department how they would implement this.

Senator John S. Barnes, Jr., D. 17: I appreciate that Senator and I'll wait for the banking department but I'm kind of curious on what sources and how you're going to find out.

Senator Sylvia B. Larsen, D. 15: Clearly if they have a record in another state.

Senator John S. Barnes, Jr., D. 17: Me, they know I'm a bad guy but maybe someone else doesn't know.

Senator Sylvia B. Larsen, D. 15: I think it's mostly if they have a record in another state that would be clear answer.

Senator Robert B. Flanders, D. 7: Any other questions of this witness? If not, thank you for your testimony. I'm sorry.

Senator Andrew R. Peterson, D. 11: Thank you Mr. Chairman. Senator I'm reading first home originator and second mortgage home loan originator here and then in reading the language it appears that it's one registration takes care of both. Is that correct or do you have to pay the fee twice?

Senator Sylvia B. Larsen, D. 15: I believe it's one fee.

Senator Robert B. Flanders, D. 7: Do you want to save that for the banking, testimony.

Senator Sylvia B. Larsen, D. 15: I understood it was one.

Senator Andrew R. Peterson, D. 11: If I may, one, the other question I had on lines 12 and 13 and then later, on page one 12 and 13 and page 2, 26 and 27. About no originator can work for more than one company. Is that new law?

Senator Sylvia B. Larsen, D. 15: Because we don't have a registration right now, I believe it is a new law.

Senator Andrew R. Peterson, D. 11: Just one more if I may Mr. Chairman. Following on Senator Barnes question, someone had committed a felony, is that going to disallow them? It doesn't seem to say so in there.

Senator Sylvia B. Larsen, D. 15: I think that would be grounds for a refusal to, a denial to receive registration because of character reputation and integrity.

Senator Andrew R. Peterson, D. 11: Those will be handled in rules I assume.

Senator Sylvia B. Larsen, D. 15: Yes.

Senator Andrew R. Peterson, D. 11: Thank you. Thank you Mr. Chairman.

Senator Robert B. Flanders, D. 7: Any other questions of the witness, if not, thank you for your testimony. I recognize Joseph Gagnon.

Mr. Gagnon: Thank you. Good afternoon Senators. My name is Joseph Gagnon. I'm the President of Granite State Mortgage Corporation. We're a small mortgage company located in Salem. I've also been for the past 5 or 6 years a representative with the National Association of Mortgage Brokers. I, although we're a very small organization, hold the title of President in the state. Our last years meeting at our national convention started out with the plain statement that we do not want felons in our business. Our business is a harbor for felons to come. Nobody checks on who we hire. They're able to come into this. If you apply for a notary in this state have a criminal check signing, if you were checked you would find if you're a felon. Our business is overrun with felons. In this state I hired in 1996, I hired a felon. He said to me that he's been vacationing for a year. I didn't know that he was convicted of mortgage fraud. He came to Laconia. I found out from an appraiser who I ordered and appraisal with. They said that fella was convicted and went to prison. I went to the state and found out that he was. He was a convicted felon on mortgage applications. I hired him but I immediately got rid of him. Then I returned money to our consumers. Our consumers in this state are being victimized by these people who can unscrupulously go from lender to lender. The senator asked a perfect question about can a person originates with one broker and another banker at the same time. If they did that they would be brokers or bankers and have to register with the state and go through being checked out by the state. I'm a lender in the state; I'm a broker in the state. When I apply for my license I sign with the state. Authorization for them to make a criminal check on me. They can check you out. In this state we actually had at the banking department some rules and regulations come up to allow only I think one or two felons work for a company in this state. We actually had a senator, public record; a senator was convicted of mortgage fraud who worked in this state in our business. It isn't good for me when I stand up in front of a customer and say we're professional and we're working for your interest and to have somebody beside

me a felon, convicted felon. I said that and I changed my testimony a little from when I started but I want to say the senators here from our business, from the national side this is a regulation that is sorely needed so that we in the business when we hire people. When I hire a person I know they're not working for Citizen's Bank at the same time. When I hire a person I know they're not working for another ma and pa shop down the street. When I hire that person I know that somebody has said that he doesn't have a criminal record. I checked his criminal record out. Senator Barnes asked about that. In our business when I submit a loan to our bank that I do a lot of business with. There's a FHA hot list. They check that hot list. When we do a FHA loan they check those lists to see if any of those people are on the watch or have submitted false appraisals. They are fully checked. We even now, the bank that I do business with, will not allow real estate appraisers who are doing onesy, twosy loans to do mortgage origination to do them. They'll bring that up as an issue. So this is a good step forward. I came here to support it fully. To let you senators know about it. I'd answer any questions you have from our side. I strongly urge that it does get passed this year.

Senator Robert B. Flanders, D. 7: Any questions of this witness? Seeing none, thank you for your testimony. Jim Demers please.

Mr. Demers: Thank Mr. Chairman. For the record my name is James Demers and I'm here today on behalf of the New England Financial Services Association. I might add, I also represent the Mortgage Bankers and Brokers Association of New Hampshire and someone will testify from those organizations separately. The New England Financial Services Association is a trade group that represents consumer finance companies who are licensed first and second mortgage lenders. They make home equity loans here in the State of New Hampshire. As you've heard from previous testimony, all of these groups are in support of this legislation and I think it's kind of a unique situation where the mortgage lending industry is stepping forward to support legislation that will actually put more of a burden, somewhat of a burden on he industry. As you've heard from people who have testified. The good players want to make sure that the bad players are not abusing lenders in this state and that's what this bill is designed to do. As Senator Larsen said, it would require merely the registration of the individuals who work for the mortgage lending companies to be registered with the banking department. If the banking department finds out along the way through a series of consumer complaints or background check that the person doesn't meet the standards to be a good, law abiding mortgage originator. They have the ability to pull that registration and take them out of the industry. We think this serves not only as a benefit to the consumers who have a right to deal with people who are ethical and understand the business but it also does serve as a benefit to the mortgage lenders because it serves as a check and

balance so that if they do hire somebody that they're not aware of has a checkered past. The banking department uncovers that when they are registered, that person won't be allowed to become registered and therefore won't work for that mortgage lender. We think it has benefit for both the consumer and the mortgage lending companies. This issue did come about because of legislation that Senator Larsen put in last year. That legislation did not pass but we did make a commitment to her that we would seriously sit down and look at the issue and see if there was a process that the industry could support that could be streamlined and not create a big bureaucracy for the banking department and what would work for the consumers and the lenders and we think this approach which is modeled after the Connecticut law that went into effect last year, is a process that has worked there and would work here as well.

Senator Robert B. Flanders, D. 7: Any questions of the witness? Senator Foster.

Senator Joseph A. Foster, D. 13: The legislation prohibits I guess, an individual from acting as an originator for more than one mortgage banker or broker. Is that a wide spread practice today, do you know whether people act for multiple companies?

Mr. Demers: It is not. As the previous person testified, if the person is in a relationship with more than one mortgage lender they would have to be licensed in this state to be a mortgage broker to do that. This is aimed primarily at the employees who work for a first or second mortgage banking company.

Senator Joseph A. Foster, D. 13: Thank you.

Senator Robert B. Flanders, D. 7: One question. Does this govern the "mortgage companies" that are calling in from out of state and making mortgages more or less over the phone?

Mr. Demers: The banking department can probably speak for that better but in order for an entity to make mortgage loans in the state, whether they're based in New Hampshire or out of state, New Hampshire law requires that they be licensed and regulated by the New Hampshire Banking Department. It won't change that in any way except that all of those entities out of state or in state would have to have their employees registered.

Senator Robert B. Flanders, D. 7: Thank you. Any other questions of this witness? Seeing none, thank you for your testimony. Mike Arrison please.

Mr. Arrison: Good afternoon. My name is Charles Michael Arrison. I am a licensed mortgage broker in the State of New Hampshire. I own Clarion Mortgage Associates and have since April of 92. I have a little over 32 years in the mortgage industry. First off I would like to applaud Senator Larsen and the members of this committee for proposing this bill. It is long overdue. It is a bill that is needed. I also sit on the Board of Directors with Mortgage Bankers and Brokers Association. It's a group of approximately 100 bankers and brokers and affiliates throughout New Hampshire. Professionals who make mortgages day in and day out. We do not need what is called a "rogue originator". This will stop that individual. Stop him or her dead in their tracks. I don't want to, I'm not going to repeat everything that's been said and speak third kind of gets you into a box. You're all ready to go and you check that one off and you check that one off. You get up and introduce yourself and say thank you. But we are behind this bill 100%. The board voted to approve or to recommend this bill, back this bill approximately 2 months ago. We think it's just a win, win situation. I'm a small operation. I'm a one-man operation. I'm the only one there. I do have originators working for me. I know all of the originators that work for me. They don't work for me unless they agree to a criminal background check, which we don't pull. We simply don't do it. We believe the state will do it. It will weed out the bad apples that tarnish our name out there. We provide a service for the consumer's of New Hampshire. This bill is a win, win situation for everybody concerned, the state, the industry and the consumer most importantly. I'll be happy to answer any questions.

Senator Robert B. Flanders, D. 7: Any questions of this witness? Senator Foster.

Senator Joseph A. Foster, D. 13: It will serve as a follow-up to my previous question. If an originator works for more than one company they become a broker so do I understand then those brokers have a similar application and have to submit themselves to a criminal background check in the State of New Hampshire.

Mr. Arrison: Much more extension than the applications provided for the originators right now, but yes, I filled out an application every year. I filled out one when I started. I assumed they did a criminal background check. I don't know that but I authorized them to do it. I assume they did a credit check and I assume checked my thirty-two years of experience or at that time it was approximately twenty-one years of experience.

Senator Joseph A. Foster, D. 13: Thank you.

Senator Robert B. Flanders, D. 7: Any other questions? If not, I thank you very much for your testimony. I'm looking for the banking department.

Ms. Jurta: My name is Mary Jurta. Director of Consumer Credit with the Banking Department. Thank you for the opportunity to speak on behalf of this bill. We are support of the concepts within the bill. We do see a need if possible to try to work with legislative services in format to put the concepts and the wording of this bill ultimately within 397:A and within 397:B rather than making each one a separate chapter. It's a technical correction that would allow some of the language that is already within those chapters such as rule making, authority to prescribe forms, things of that nature which are absent from the current wording. It would apply to the mortgage originators as well. There is currently, to answer one question that's been posed, an independent contractor statute within the mortgage broker and banker current law which says that basically, if a person originates and is not directly employed by the mortgage broker or the mortgage banker, that they have to have an exclusive contract with that banker. So making originators under this bill exclusive to a particular banker or broker is not a new concept. The Connecticut law that this was patterned on appears to put the onus on the mortgage broker and the mortgage banker to register agents that they intend to use, register originators and to basically do a certain amount of background check and so forth and aver to the department that the person doesn't have a criminal background or anything else that would not warrant their licensee in the state. That would expedite the process and not hold up the business of the mortgage broker and they would begin to then go on. The banking department then through rule making as well ability to require forms can go on and independently go on to verify that information which may give the backup that everyone is looking for, for criminal backgrounds or if somebody has been kicked out of the business in another state. The idea was to make it an expedited process so that there wasn't a big hold up on the front end. A banker or broker who's been through, has been vetted basically through the application, perhaps even the renewal process, could then register these originators and start them working if there were no reason to believe that anything untoward had happened in their background. 397:A and 398:A, which are the mortgage brokers and bankers and second mortgage, the law that currently exists is going under major rewrites at this time. That' s where the technical amendment would come in. It isn't something we could, we would need to work with legislative services because those bills are being rewritten I believe that's why this was formatted as just C instead of A or B in each particular statute. We'd like to see it all come together within 397:A and 397:B, working with legislative services. Also by putting it in A and B there are exemptions, in 397:A and 397:B that apply. For instance banks, credit unions are exempt. That would make clear that they are exempt from the originator requirements as well. That also the

mortgage bankers and brokers themselves are ultimately taking the responsibility to register these individuals with back up from the banking department checking on their background. That's the way we perceive it, that's the way we understand the legislation that is going forward.

Senator Robert B. Flanders, D. 7: Any questions of this witness? Senator Foster.

Senator Joseph A. Foster, D. 13: I had a quick question. A sentence I don't understand in the legislation is in the definition of originator. It says "Originator shall not include an officer of a corporation, a general partner, a sole proprietor, or a member of a limited liability company." Can you explain why that's excluded? I'm sure there's good reason but I just wanted to understand.

Ms. Jurta: I believe it's because those are the people who own, operate and are ultimately responsible for the broker or the banker that's hiring them. In other words, if I own the company, I'm president, sole proprietor or owner I don't have to go out and register myself as a mortgage originator as well.

Senator Joseph A. Foster, D. 13: Follow-up please. Because they're already registered as a broker?

Ms. Jurta: As a broker or a banker. Governed by 397:A or 397:B.

Senator Robert B. Flanders, D. 7: Senator Barnes.

Senator John S. Barnes, Jr., D. 17: You say these pieces of law that being worked on, how long is it going to take them to be worked on.

Ms. Jurta: 397:A and 397:B are currently proposed and are moving forward I believe in the House and this hopefully would join up with them. The existing language that we're proposing to rewrite those and put them in better order is already in existence.

Senator Robert B. Flanders, D. 7: Follow-up?

Senator John S. Barnes, Jr., D. 17: Is this going to delay anything in rules when rules get put together and how this is going to work on applications?

Ms. Jurta: I don't see any reason why it wouldn't.

Senator John S. Barnes, Jr., D. 17: Just them looking for something not to have to go for another couple of years before it gets enacted. I'd like to see something happen soon.

Ms. Jurta: It wouldn't. As a matter of fact for instance the rule making authority is already in 397:A so if we put the 397:C proposal into 397:A, its going to be covered by all those things that are already going on within the department's procedures.

Senator John S. Barnes, Jr., D. 17: Thank you very much.

Senator Robert B. Flanders, D. 7: It's my understanding that if we pass this, it's going to be followed through into the house and be merged at that point. That's what you're looking for?

Ms. Jurta: Yes, I believe that's

Senator Andrew R. Peterson, D. 11: Thank you Mr. Chairman. So I understand this will probably all be rewritten anyway if we pass it on and it gets to the house but my question about this particular bill. From the first question, is this one registration or is this two if you're second home originator or a first mortgage home originator or is one registration cover it all? How do you read that?

Ms. Jurta: The way it's currently written, I think it is probably a little ambiguous. I believe it is basically one. One fee, one originator registration would cover you. The reason that I say that is because one of the changes that we hope to affect in the 397:A and the 397:B is to eliminate the need for second mortgage license for somebody who is licensed to make first mortgages. If they're already licensed to make first mortgages, they should be able to make second mortgages. Right now, they have to have two. That's, I think why this was patterned after that because those two laws sit separately. They will continue to sit separately but the wording will be in there, in 397:A and 397:B. You don't have to have a second mortgage broker, banker license in order, excuse me it's one license in that case, in order to do, if you are already licensed as a first mortgage banker.

Senator Robert B. Flanders, D. 7: Follow-up?

Senator Andrew R. Peterson, D. 11: Thank you Mr. Chair. Is second mortgage the way it's described in law? Does that relate to any subordinate loan? I mean is

Ms. Jurta: On real property?

Senator Andrew R. Peterson, D. 11: So that opens up to all subordinate loans. One other question Mr. Chairman, thank you. I would assume that as you carry this out and put it in rules, you have a conception of how it will work. Am I correct that someone would fill out a form and it would say that I've never been convicted of a felony in another state or something and that turned out later not to be true you might pull their ticket but that you're not going to have the capacity to do a 50 state search on an individual coming forward to be a mortgage originator or do you in fact have that capability?

Ms. Jurta: I don't believe that we have that capability this time. I know of no national database. So somebody could have hidden up in Oregon and we may be unaware of it. If they've got a criminal conviction, as you're more aware, the state is working on broadening out the reports that we can get when we ask for a criminal background check. Right now it's basically a criminal background check within the state. That does need to be also taken care of. That would help us greatly. The contemplation under Connecticut is that the originator can't do this themselves. The mortgage banker puts in the application. So the banker or the broker who is going to employ that originator will submit a form, an application form and will basically, they're the person that signs it so an originator can't become licensed unto him or herself. It will travel that registration doesn't travel around with that originator. Each employer would have to do a certain amount of due diligence on that agent. We would then do it, perhaps we could have resources, especially as national databases, which I'm sure will be developed. Our ability to check in other states should go along that a mortgage broker or banker might not have. Originally it's the banker or the broker who is going to be putting themselves on line basically to register that person.

Senator Robert B. Flanders, D. 7: Any other questions of this witness?

Senator Andrew R. Peterson, D. 11: Thank you Mr. Chairman.

Senator Robert B. Flanders, D. 7: If not, thank you. No one else is signed up to testify.

Senator Sylvia B. Larsen, D. 15: I am enacted to offer the testimony of Representative Janet Wall who faxed her support and I can just share it with you with the secretary who can provide copies for you for your files.

Senator Robert B. Flanders, D. 7: Submit the copy would be fine.

Senator Sylvia B. Larsen, D. 15: She is obviously a cosponsor and a supporter and has written a good.

Senator Robert B. Flanders, D. 7: Is there any one else who wishes to speak on SB 121-FN? If not I declare the hearing closed. Thank you very much.

Hearing closed at 1:55p.m.

Respectfully submitted

Pamela Manocchi
March 3, 2003

February 18, 2002

Good afternoon to the Chairman and the Committee. For the record, I am Rep. Janet G. Wall for Strafford District 12 - the towns of Durham, Lee, and Madbury. I come before you today as a cosponsor and supporter of SB 121-FN which is a pro-active measure for both mortgage lenders and those who apply for mortgages.

SB 121-FN is a consumer-friendly bill which not only protects consumers in their mortgage transactions, but which will enhance the professional standards of the mortgage lending industry.

Currently, mortgage lending companies in N.H. are licensed under a certain set of standards. The employees who work for mortgage lenders should, likewise, be registered to ensure that they qualify and uphold the same standard of requirements. This will eliminate any actual or perceived disparity in that business.

The towns I represent continue experiencing considerable housing construction with the corresponding need to obtain mortgages. I want to be sure that those who are applying for mortgages for their properties will not only go to a licensed mortgage lending company, but will know that the employees of those licensed companies are also registered under a set of standards which requires reliability and the knowledge of the intracies of the business. The passage of SB 121-FN will strengthen the mortgage lending industry and it will boost consumer confidence in those with whom they are transacting mortgage agreements.

Rep. Janet G. Wall

Speakers

SENATE BANKS

Date February 18, 2003 Time 1:15 Public Hearing on

Bill # SB 121-FN relative to mortgage originator registration.

(Please print) Please check box(es) at left that apply.

SPEAKING?	FAVOR	OPPOSED	NAME	REPRESENTING
☒	☒	☐	JOSEPH W. GAGNON	NHNAMB, Granite State Mortgage
☒	☒	☐	Jim Demers	New England Financial Services Assn.
☒	☒	☐	MIKE ARRISON	MBAA & CHARTER MORTGAGE
☒	☒	☐	Mary Jurta	NH Banking Dept.
☒	☒	☐	SYLVIA LARSEN	DOS 75
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Committee Report

STATE OF NEW HAMPSHIRE

SENATE

REPORT OF THE COMMITTEE

Date: February 18, 2003

THE COMMITTEE ON Banks

to which was referred Senate Bill 121-FN

AN ACT relative to mortgage originator registration.

VOTE: 5-0

Having considered the same, report the same without amendment and recommend that the bill: **OUGHT TO PASS.**

Senator John S. Barnes, Jr.
For the Committee

SB121 Docket

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Bill Title: (New Title) relative to mortgage originators.

Date	Body	Description
1/30/2003	S	Introduced and Ref. to Banks; SJ 3, Pg.36
2/7/2003	S	Hearing; February 18, 2003, Room 103, SH, 1:15 p.m.; SC9
2/28/2003	S	Committee Report; Ought to Pass [03/06/03]; SC12
3/6/2003	S	Ought to Pass, MA, VV; OT3rdg; SJ 7, Pg.65
3/6/2003	S	Passed by 3rd Reading Resolution; SJ 7, Pg.73-74
3/13/2003	H	Introduced and ref to Commerce; HJ24, p629
3/25/2003	H	Hearing Apr 1 11:00 RM302,LOB
4/8/2003	H	==CANCELLED==Subcom Work Session Apr 16 11:00 RM302,LOB
4/8/2003	H	(Subcom: Reps Stepanek, Spiess, Reardon, DeStefano & Fraser)
4/9/2003	H	Rescheduled Subcom Work Session Apr 15 9:00 RM302,LOB
4/22/2003	H	Subcom work session May 6 10:30 Rm302,LOB
5/7/2003	H	Maj Report OTP/AM for May 15 (Vote 13-2;Reg)
5/7/2003	H	Prop Comm Am{1500}(New Title); HC 39, p1257-1258
5/15/2003	H	Comm Am, AA VV; Passed with Am VV; HJ 42, p1317-1318 + 1354
5/29/2003	S	Sen. Flanders Non-Concur with House Am{1500},(NT), Requests Committee of Conference, MA, VV; SJ 18,
5/29/2003	S	President Appoints; Senators Flanders, Sapareto, Larsen; SJ 18, Pg.486
6/5/2003	H	House Acceded to req for Conf Comm, Rep Hunt MA VV; HJ 47, p1496
6/5/2003	H	(Spkr appts Reps: Hunt, Spiess, Stepanek & DeStefano)
6/6/2003	S	Committee of Conference Meeting; June 12, 2003, Room 103, LOB, 10:00 a.m.
6/19/2003	H	Conf Comm Report (House Am + New Am{2079}) Filed;
6/24/2003	H	Conf Comm Report Adopted;
6/24/2003	S	Conference Committee Report{2079}, Adopted, VV

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Docket Abbreviations