

Remote Locations for Mortgage Businesses; HB 2568

HB 2568 updates the Kansas Mortgage Business Act (KMBA) to allow certain mortgage business to be conducted remotely and make changes to definitions and branch licensure and other registration requirements for mortgage companies.

Definitions

The bill removes the definitions of “application” and “*bona fide* office,” adds a definition for “mortgage loan application,” and amends the definitions of “branch office,” “loan processor or underwriter,” “mortgage company,” and “principal place of business.”

The bill defines “remote location” to mean a location other than the principal place of business or a branch office where a licensed mortgage company’s employee or independent contractor is authorized by such company to engage in mortgage business. A remote location is not to be considered a branch office.

Conducting Mortgage Business at Remote Locations

The bill allows mortgage business to be conducted at a remote location if the following conditions are met:

- The licensed mortgage company’s employees or independent contractors do not meet with the public at a personal residence;
- No physical business records are maintained at the remote location;
- The licensed mortgage company has written policies and procedures for working at a remote location, and the company supervises and enforces the policies and procedures;
- The licensed mortgage company maintains the computer system and customer information in accordance with the company’s information technology security plan and all state and federal laws;
- Any device used to engage in mortgage business has appropriate security, encryption, and device management controls to ensure the security and confidentiality of customer information as required by rules and regulations adopted by the State Bank Commissioner (Commissioner);
- The licensed mortgage company’s employees or independent contractors take reasonable precautions to protect confidential information in accordance with state and federal laws; and

- The licensed mortgage company annually reviews and certifies that the employees or independent contractors engaged in mortgage business at remote locations meet the requirements of this section of the bill. Upon request, a licensee is required to provide written documentation of the licensee's review to the Commissioner.

License and Registration Requirements

The bill replaces the current requirements for licenses and renewal applications. The bill sets the expiration date for licenses and registration on December 31 of each year, and a license or registration will be renewed by filing a complete renewal application and non-refundable renewal fee with the Commissioner by December 1 of each year.

The bill authorizes the Commissioner to assess a late fee on any renewal application received after December 1 of each year and on any incomplete renewal application as of December 1 of each year. The Commissioner may designate late fees for consumer education to be spent for that purpose as directed by the Commissioner.

The bill allows for an expired license or registration to be reinstated through the last day of February of each year by filing a reinstatement application and paying the application and late fees. Upon reinstatement, the license and registration is considered in full force and effect.

Surety Bond Requirements

The bill increases the surety bond amount from not less than \$50,000 to not less than \$100,000 that each applicant or licensee is required to file with the Commissioner. In addition, the bill removes duplicative language on the surety bond amount and removes a requirement that each applicant or licensee submit a written statement by an independent certified public accountant on a financial statement. The bill also rewords the requirements of applicants or licensees to submit evidence of solvency and require the applicants and licensees to maintain a positive net worth.