



HOUSE OF REPRESENTATIVES

HB 2486

health insurance; purchase outside state

Sponsor: Representative Antenori

DPA

S/E Committee on Banking and Insurance

DPA Caucus and COW

X As Transmitted to Governor

HB 2486 adds commercial mortgage brokers to statute, requiring various license application fees and renewal fees to be paid to DFI.

History

The Department of Financial Institutions (DFI) is statutorily charged with licensing, supervising and regulating state chartered financial institutions and enterprises. Currently, DFI regulates four mortgage-lending entities: commercial mortgage bankers, mortgage brokers, mortgage bankers and loan originators.

The nonrefundable application fees and annual renewal fees are paid to DFI. The superintendent deposits these monies into the State General Fund. Licensed mortgage brokers are required to deposit a bond with the superintendent, given by a licensee as principal and a surety company authorized to do business in the state as surety. The bond is payable to any person injured by the wrongful act, default, fraud or misrepresentation of the licensee or the licensee's employees and to this state for the benefit of the injured person. For licensees whose investors are limited solely to *institutional investors*, the bond is \$10,000. For licensees whose investors are *noninstitutional investors*, the bond is \$15,000. The latter applies to commercial mortgage brokers, if the bill is adopted.

"Institutional investor" means a state or national bank, a state or federal savings and loan association, a state or federal savings bank, a state or federal credit union, a federal government agency or instrumentality, a quasi-federal government agency, a financial enterprise, a licensed real estate broker or salesman, a profit sharing or pension trust, or an insurance company.

Provisions

- Adds commercial mortgage brokers to statute, requiring various license application fees and renewal fees to be paid to DFI.
- Mandates that a person who only brokers commercial mortgage loans shall obtain either a mortgage broker license or a commercial mortgage broker license.
- Clarifies that a person who brokers only residential mortgage loans must obtain only a mortgage broker license.
- Describes the following applicant requirements for a commercial mortgage broker license:
 - Minimum of three years experience in the commercial mortgage broker business or equivalent lending experience during the five years preceding the time of application.
 - Intend to make or negotiate commercial mortgage loans, or have done so in the past.
 - Provide the superintendent of DFI with a balance sheet of the six months preceding application or a statement of operations, retained earnings, or changes in financial position, if the applicant has begun operations.
- Requires the aforementioned requirements to be applied to applicants whose own resources are derived exclusively from correspondent contracts with institutional investors.
- Explains that the renewal of a commercial mortgage broker license does not require the applicant to be subject

to the continuing education requirements set forth by current statute (Ch. 9, Art. 1).

- Exempts an employee or a responsible individual of a financial institution who is a licensed mortgage broker, mortgage banker or commercial mortgage banker from Ch. 9, Art 1, if the employee or responsible individual certifies in writing that he or she will only originate commercial mortgage loans as defined in statute.
- Conforms commercial mortgage broker requirements to mirror the current statute pertaining to mortgage brokers.
- Defines a *commercial mortgage broker*, *commercial mortgage loan*, *commercial property* and *residential mortgage loan*.
- Makes technical, conforming, and clarifying changes.

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