Senate Commerce Committee

Aaron Jones 271-4063

HB 312, relative to deadlines in consumer credit applications, licensing requirements for mortgage loan originators, examinations of family trust companies, delegation by credit union boards to committees, qualifications of the banking commissioner, and authorizing depository banks to elect benefit corporation status.

Hearing Date: April 20, 2021

Time Opened: 9:45 a.m. **Time Closed**: 9:51 a.m.

Members of the Committee Present: Senators French, Gannon, Bradley, Soucy and Cavanaugh

Members of the Committee Absent : None

Bill Analysis: This bill:

I. Clarifies and extends deadlines in consumer credit examinations applicable to certain entities licensed by the banking department.

II. Clarifies the home state licensing requirement for mortgage loan originators.

III. Provides that family trust companies may be examined more frequently than every 36 months if the commissioner deems it necessary.

IV. Clarifies that depository banks may elect RSA 293-C benefit corporation status.

V. Establishes requirements applicable to credit union boards who delegate to committees.

VI. Adjusts restrictions on loans and other financial transactions that disqualify the commissioner or deputy commissioner from serving in his or her role.

This bill is a request of the banking department.

Sponsors:
Rep. Hunt

Who supports the bill: Representative John Potucek, Commissioner Jerry Little (NH Banking Department), Chiara Dolcino (NH Banking Department), Raeleen Schutte (NH Banking Department), Todd Wells (NH Banking Department), Ryan Hale (NH Bankers), Tom Prasol (Mortgage Bankers & Brokers Association of NH), Glenn Perlow (NH Trust Council), Dave Collins (NH Credit Unions)

Who opposes the bill: No one

Who is neutral on the bill: No one

Summary of testimony presented in support:

Senator Bill Gannon

- On behalf of Representative Hunt, Senator Gannon introduced HB 312.

Commissioner Jerry Little, New Hampshire Banking Department

- Last session, similar legislation was included in the budget; however, it was vetoed.
- Since then, Commissioner Little said they've vetted each provision of the legislation with stakeholders and there has been no opposition.

Chiara Dolcino, General Counsel, New Hampshire Banking Department

- This bill is aimed at clarifying existing laws that affect chartered and licensed institutions.
- Attorney Dolcino said these changes would make the effected statutes less confusing by incorporating longstanding interpretations of law and eliminating obsolete or unnecessary requirements.
- Sections 1 through 5 and 13 would clarify and extend the deadlines for consumer credit licensee examinations.
    - Attorney Dolcino said the department felt these changes would give licensees additional time to provide documents during an examination.
- Section 6 would remove the requirement that a mortgage loan originator must be licensed in their home state, especially if they're not doing mortgage business in that state.
    - As a result of the pandemic, there have been more people working from their own residencies, which might be out-of-state.
    - Currently, the statute could be interpreted as meaning a mortgage loan originator must be licensed in their home state, even if they're teleworking.
- Section 7 would align the provisions for examinations of family trust companies with the provisions that apply to other chartered institutions. Additionally, this section would clarify that the Commissioner can conduct examinations more frequently than every 36 months if it's deemed necessary.

- Sections 8 through 10 would clarify that a depository bank can operate as a benefit corporation.
    - These sections would provide clarity to the two banks in New Hampshire that are currently operating as benefit corporations.
- Section 11 would clarify that credit union boards can delegate authority to committees, oversee committees, and require committees or subcommittees to retain meeting minutes.
    - This section would align with the provisions that currently exist for depository banks.
- Section 12 would allow the Commissioner and the Deputy Commissioner to engage in commonly understood loans, such as car loans or mortgages, without unnecessary restrictions.
    - The current restrictions in place were instituted before the adoption of the ethics code.
    - Attorney Dolcino said the department felt that the ethics code already does control for circumstances, such as inappropriate lending, which could affect the Commissioner and the Deputy Commissioner.

Summary of testimony presented in opposition: None

Neutral Information Presented: None

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Date Hearing Report completed: April 21, 2021