



Office of the State Bank Commissioner

Regulatory Mailing

RM2001-3

To: Kansas State Chartered Banks
From: Sonya Allen, General Counsel
Date: November 5, 2001
Re: Kansas Mortgage Business Act Licensing Requirements

We have received several questions recently from bankers concerning the licensing requirements of the Kansas Mortgage Business Act, and specifically, exemptions from licensing. This information is being provided as a reminder of the current licensing requirements, which took effect on November 1, 2001. K.S.A. 9-2202 lists all of the entities that are exempt from registration under the Act. The entities exempt from registration include:

- (a) Any bank, savings bank, trust company, savings and loan association, building and loan association, industrial loan company or credit union organized, chartered or authorized under the laws of the United States or of any state which is authorized to make loans and to receive deposits;
- (b) Any entity directly or indirectly regulated by an agency of the United States or of any state which is a subsidiary or affiliate of any entity listed in subsection (a) if 25% or more of such entity's common stock is owned by any entity listed in subsection (a).
- (c) Any person who is registered as a loan broker pursuant to K.S.A. 50-1001 et seq. and amendments thereto or who is licensed as a supervised lender pursuant to K.S.A. 16a-2-301 et seq. and amendments thereto;
- (d) The United States of America, the State of Kansas, any other state, or any agency or instrumentality of any government entity; and
- (e) Any individual who with their own funds for their own investment makes a purchase money mortgage or finances the sale of their own property, except that any person who enters into more than five investments or sales in any twelve-month period shall be subject to all provisions of this act.

The only change in this statute that is likely to affect banks is that the term "bank holding company" was removed from subsection (a). This means that neither bank holding companies, nor bank holding company subsidiaries are exempt from licensing if they are engaging in "mortgage business", as defined by the statute. Therefore, such entities must register with this office. An application can be found at <http://www.osbckansas.org/DOCML/docmlapplications.html>. In addition, loan originators who work for these companies are required to register individually.

Questions concerning mortgage applications may be directed to:

Lee Ann Hanners, Mortgage Business Secretary
700 S.W. Jackson Street, Suite 300
Topeka, Kansas 66603-3714
(785) 296-2266
(785) 296-0168 fax
LeeAnn.Hanners@state.ks.us