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To: Kansas Senate Financial Institutions & Insurance Committee

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Subject: HB 2568 - Modernizing and Simplifying the Kansas Mortgage Business Act (KMBA) & Allowing Mortgage Business to be Conducted at Remote Locations

Chairperson Longbine, Vice Chairperson Fagg and members of the Kansas Senate Financial Institutions and Insurance Committee, thank you for the opportunity to provide testimony today on behalf of Zillow in support of HB 2568, which would modernize and simplify the Kansas Mortgage Business Act (KMBA) and allow licensed mortgage lending companies to conduct mortgage business at remote locations.

Zillow is reimagining real estate to make it easier for consumers to unlock life's next chapter. As the most visited real estate website in the United States, Zillow and its affiliates offer customers an on-demand experience for selling, buying, renting, or financing with transparency and ease.

As part of our efforts to reimagine real estate and make it easier for consumers to finance their next home, Zillow is proud to operate Zillow Home Loans (ZHL), which is located in Overland Park, Kansas and employs 55 licensed mortgage loan personnel in the state of Kansas. In total, Zillow is proud to have over 230 employees based out of or working remotely in connection with our Overland Park office.

As a starting point for today's testimony, we would like to commend the Office of the State Bank Commissioner (OSBC) for taking the initiative to modernize and simplify how the mortgage business is regulated in the state of Kansas. Technology and consumer expectations have evolved over the last few years and this evolution has only been accelerated during the pandemic. Within the provisions of HB 2568, the OSBC has taken major steps to modernize and simplify the regulation of the mortgage business.

Prior to the pandemic, most state statutes and regulations, enacted in many cases decades ago, generally required licensed mortgage company employees and independent contractors to work from licensed branch offices. Throughout the pandemic, the mortgage lending industry was forced to adapt our operations to facilitate remote work so that we could continue to deliver critically important financial services to the public.

The mortgage lending industry stepped up to the challenge and, during the pandemic, millions of middle class American families and first-time home buyers have been able to take advantage of the lowest mortgage interest rates in American history to purchase and refinance their homes. This result is in large measure due to the mortgage lending industry being able to continue to function efficiently throughout the pandemic, aided by the common sense regulatory flexibility provided by mortgage regulators during the pandemic, including OSBC.

The actions taken by mortgage lending companies and regulators during the pandemic have proven that the mortgage business can operate in this new paradigm, where regulated mortgage lending companies can efficiently serve consumers through remote work while respecting all necessary consumer protection rules and regulatory safeguards. Having made significant financial investments in recent years to support remote work, mortgage lending companies now have the resources, policies, and procedures in place to interact with consumers and manage regulatory compliance remotely.

HB 2568 recognizes this evolution by amending the state's licensing requirements for mortgage lending companies to allow licensed employees and independent contractors to conduct mortgage business from remote work locations. Importantly, these proposed changes do not weaken the state's vitally important statutes and regulations that protect consumers or impede the ability of OSBC to examine and supervise the operations of mortgage lending companies. In fact, by providing flexibility for OSBC to establish and modify acceptable network security standards, this legislation ensures that these standards maintain and enhance consumer protections by keeping pace with technological developments.

In addition, the changes found in HB 2568 will have a powerful impact on the ability of Kansas mortgage lending professionals to pursue a fulfilling and rewarding career in the mortgage lending business, even if they do not live within a commutable distance of a licensed branch office. Embracing remote work opens up meaningful opportunities for mortgage lending professionals all over the state of Kansas to engage in the mortgage lending business.

Going forward, it won't matter if you live in a large city like Overland Park or a smaller city like my hometown Medicine Lodge in south central Kansas. If you have the necessary experience and skills to engage in the mortgage lending business, the provisions of HB 2568 will provide you with the regulatory flexibility and economic opportunity to engage in your profession from remote work locations.

Throughout this entire process, we would like to express our gratitude to the OSBC's staff for being willing to answer our questions on the proposed legislation and to respond to our comments and questions. We are dedicated to working with OSBC going forward to providing excellent mortgage lending service to Kansas consumers while protecting consumers and adhering to important safeguards and regulations.

Earlier this session, the Kansas House passed HB 2568 on an overwhelming vote of 118 to 3. We would respectfully request that the members of the Senate Financial Institutions and Insurance Committee help modernize and simplify the Kansas Mortgage Business Act (KMBA) for Kansas consumers and mortgage companies by also supporting HB 2568.

Thank you for the opportunity to provide comments on this very important issue.