

Alaska Bankers Association

P.O. Box 241489 • Anchorage, Alaska 99524-1489 • T: 907-261-3525 • F: 907-562-1758

April 10, 2015

The Honorable Kurt Olson, Chair
House Labor & Commerce Committee
Alaska State Capitol
Juneau, AK 99801-1182

RE: Opposition to HB12 - Mortgage Lending and Loan Originators

Dear Representative Olson:

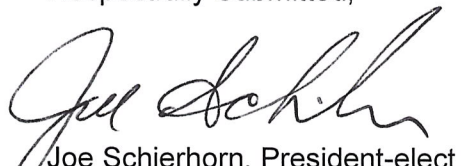
The Alaska Bankers Association wishes to respectfully inform you of its opposition to House Bill 12. The ABA supports a fair and consistent regulatory environment and opposes special interest legislation designed to benefit only certain market participants.

In the aftermath of the mortgage crisis, the Dodd-Frank Wall Street Reform and Consumer Protection Act imposed a multitude of new requirements concerning loan originators' licensing and registration, training, screening, and compensation practices. The Consumer Financial Protection Bureau issued regulations to implement the new Dodd-Frank Act requirements in 2013 and also built upon the requirements under the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act). The rules require individual loan originators to be licensed and registered, and requires loan originator organizations that hire loan originators to be responsible for and to ensure that their loan originator employees meet character and fitness standards, pass a criminal background check and are appropriately trained.

HB 12 runs contrary to such market regulation by allowing certain individuals to bypass SAFE Act licensure requirements, the state's exam process, continuing education hours, etc., including non-employee independent insurance agent-contractors of non-depository institutions who are not primarily in the mortgage origination business. It is in consumers' best interest that such independent insurance agent-contractors be held to the same stringent standards and regulatory treatment as other industry participants. Employees of federal depository institutions must still register under their employers, which are responsible for their employees' actions and are subject to intense scrutiny by regulators with various ongoing training requirements, QC exams, audits, etc., that ultimately protects the institution and consumers. We believe it is unlikely that federal regulators would be able to examine every independent insurance agent-contractor as it does other depository institutions.

In addition, the ABA opposes exempting MLOs of non-profit entities offering products in direct competition with other market participants that are subject to a greater level of regulatory oversight. Because non-profit entities are not subject to the same regulatory scrutiny and typically do not have such regulatory infrastructure in place, their MLOs should be required to be SAFE Act licensed, pass the state exam and undergo continuing education requirements.

Respectfully Submitted,



Joe Schierhorn, President-elect
Alaska Bankers Association