



VOTE "YES" ON HB 12

HB 12 alleviates burdensome dual licensing requirements. Banks, and their employees who originate mortgage loans, are exempt from state mortgage licensing requirements. But due to an anomaly in the law, *independent contractors* in Alaska who originate applications exclusively for a bank must obtain both (1) an individual Mortgage Loan Originator ("MLO") license; and (2) a mortgage broker company license, ironically only to sponsor their own MLO licenses. This dual licensing requirement exists even though they are not brokering mortgages, and even though the exempt bank is not required to have a broker/lender license. HB 12 fixes this by allowing exempt companies, e.g. a bank, to voluntarily register with the state, sponsor their exclusive independent contractor MLO's and assume all the responsibility and oversight required of a licensed mortgage broker.

HB 12 removes burdensome requirements for housing nonprofits. Nonprofits currently must have a mortgage lender/broker license in order to sponsor their MLO's who take loan applications for Alaskans. The MLO's must also be licensed. HB 12 removes these requirements where a nonprofit registers with the state, is determined to be "bona fide", and assures their MLO's meet standards equivalent to the state's licensing and training requirements commensurate with the nonprofit's lending activities.

HB 12 retains all consumer protections for Alaskans. Under HB 12, independent contractor MLO's, such as State Farm agents, must still obtain an MLO license and comply with all requirements. By registering with the state, the exempt company, such as State Farm Bank®, legally assumes all the assurances, oversight and reporting requirements of a mortgage broker licensee. An additional layer of consumer protection exists because both State Farm Bank and the individual MLO agents are subject to the oversight and examination authority of the US Office of the Comptroller of the Currency and the Consumer Financial Protection Bureau.

HB 12 enhances consumer choice and product availability. MLO's subject to dual licensing are discouraged from originating mortgage loans because of the additional burden of an unnecessary mortgage broker license: a \$600 annual license fee; a \$75,000 surety bond (annual premium of \$1,125); examination expenses averaging \$2,000 every 5 years and additional staff time and expense for quarterly and annual filings. Removal of these redundant burdens will make more lending options available to Alaska consumers - in the case of State Farm Bank, through local State Farm agents consumers already know in their communities.

HB 12 will keep money in Alaska communities. If a consumer's State Farm agent does not offer mortgage loans, the consumer may obtain a State Farm Bank mortgage directly by phone or on-line, in which case origination compensation is lost to Alaska agents. With HB 12, MLO licensed agents will continue to offer loans and more local agents will begin to offer loans, keeping the income and tax revenue generated by these transactions right here in Alaska.

HB 12 and similar remedies are widely supported. 26 states so far have resolved the dual license anomaly through legislation similar to HB 12 or other methods and presently permit the exempt company registration with proposed legislation pending in several more states. The method and language in HB 12 has been approved by the Alaska Division of Banking. Exempt company registration is consistent with the federal SAFE Act and is supported by the Conference of State Bank Supervisors leadership.