

## Senate Bill 279

Regulation of Mortgage Lending

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Purpose: to bring Alaska's Mortgage Lending Regulation Act into compliance with federal Public Law 110-289, Title V, Secure and Fair Enforcement for Mortgage Licensing Act (the SAFE Act).

Two Requirements: The SAFE Act requires each state to: (1) license mortgage loan originators through a nationwide database and (2) amend its statutes to meet minimum licensing standards. States still review the uniform applications submitted by applicants, and state regulators issue the licenses.

Alaska met the first requirement last year, by joining the Nationwide Mortgage Licensing System and Registry (the registry) and began licensing through the registry on August 1, 2009.

If Alaska does not comply with the second requirement, through the passage of SB 279, then the SAFE Act mandates that the U.S. Dept. of Housing and Urban Development begin enforcing the required licensing standards. The effective date of this bill is July 1, 2010.

### Major Changes to Alaska Law:

- Renewals changed from biennial to annual
- Eliminates the small mortgage lender/originator exemption
- Allows fingerprint cards to be sent to the registry, rather than the Department of Public Safety for submittal to the FBI for background checks
- Permits fees to be set in regulation
- Requires 20 hours of pre-licensing education
- Authorizes the division to issue a provisional license if fingerprint card processing is excessively delayed, but all other requirements are met
- Omits references to paper licenses, in anticipation of going paperless, due to availability of registry data
- Permits branch office registration
- Modifies continuing education requirements from 24 hours every 2 years, to 8 hours annually

### Fiscal Note

Adds funding for the following expenses:

- One additional occupational licensing position (\$65,000 per year) and in the contractual line \$3,000 for costs and supplies associated with this position
- Increased travel to out-of-state exams, due to the additional number of licensees in other states doing business in Alaska particularly over the Internet
- Annual membership fee for AARMR (\$750 annually)
- State background check fee (\$5250) which the division must upfront until fee is collected from licensee for deposit into the general fund. The licensee will pay the federal background check fee directly.

Revenue is expected to increase substantially, due to expansion of licensee definition to include loan modification and servicing companies, as well as the required change to annual license renewal.