

ALASKA STATE LEGISLATURE

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HB 12 Mortgage Lending Version A

Sponsor Statement January 20, 2015

House Bill 12 improves the mortgage lending industry by equalizing the licensing requirements for mortgage loan originators and mortgage loan brokers according to the kind of work conducted rather than a business structure or anomaly in current statute. Licensing the level of professional duties and the level of liability in the lending process helps create a more equitable and friendly statutory environment for business in Alaska.

The bill would also exempt bona fide non-profit businesses, native corporations, and the Alaska Housing Finance Corporation from the mortgage lender/broker licensure requirement. The organizations would be responsible to ensure that their mortgage loan originators meet character, fitness, and criminal background standards equivalent to the state's licensing standards.

The federal SAFE Act applies to employees of non-bank MLOs, and that their MLOs receive appropriate training commensurate with the size and mortgage lending activities of the entity. The entities eligible to receive exempt status under HB 12 complete relatively few mortgages in any given year and those loans are for a very specific segment of our economic population that may require additional services in addition to the home loan. HB 12 will bring the non-profits, native corporations and government entities into current federal law as required under the SAFE Act of 2011. The advantage to this revision is the savings of a company license fee of \$500 annually, a surety bond in the amount of \$75,000, and examination expenses averaging \$2,000 every 5 years for the non-profit agency.

HB 12 helps create a more level playing field in the mortgage lending industry by eliminating unnecessary layers of licensure and reduces the administrative burden and costs to these businesses and entities.