

Deneen Tuck

From: Barbara Barnes
Sent: Monday, April 29, 2019 11:23 AM
To: Rep. Gabrielle LeDoux; Rep. Adam Wool; Rep. Zack Fields; Rep. Sara Hannan; Rep. Louise Stutes; Rep. Joshua Revak; Rep. David Talerico
Cc: Ashley Strauch; Deneen Tuck
Subject: FW: HB104 Non-Profit Organization Exemption

Good morning,

Several concerns were brought to our attention regarding the CS for HB104 which will be in House Labor and Commerce today. One was potential unfair competition and one was consumer protection. I asked Banking and Securities to address these concerns. Below is their response.

If you have any questions, please do not hesitate to contact me or Mr. Reno.

Regards,

Barbara Barnes
Staff to Rep. Tammie Wilson
465-4797

From: Reno, Tracy A (CED) <tracy.reno@alaska.gov>
Sent: Monday, April 29, 2019 10:45 AM
To: Barbara Barnes <Barbara.Barnes@akleg.gov>
Cc: Walsh, Patrice K (CED) <patrice.walsh@alaska.gov>
Subject: HB104 Non-Profit Organization Exemption

Dear Barbara,

Thank you for reaching out this morning regarding the non-profit organization exemption language in HB104. As you requested I am providing some information:

Industry Concerns: Unfair competition and consumer protection

The non-profit exemption would not change competition that is currently in the marketplace.

Some large non-profits may not qualify for the exemption if they have mortgage lines of business that are commercial in context and habitual by providing standard mortgage loan products. The proposed language states that the organization must conduct activities that serve a public or charitable purpose by offering mortgages that are not readily available from other lenders. One example is Habitat for Humanity that provides a 0% interest rate mortgage on homes that the borrower and their family helps to build.

Non-profit organizations will be vetted by the exemption application process and examinations may still take place to ensure consumer protection if a complaint were received. Non-profits originating residential mortgage loans will still be required to comply with all federal mortgage laws such as the Equal Credit Opportunity Act, the Bank Secrecy Act and the Truth in Lending Act – RESPA (The Real Estate Settlement Procedures Act). The exemption application review will ensure that non-profits are truly providing a benefit to the community. The proposed language states that the Department will

determine when an examination of books and records will be conducted and that an organization may be denied an exemption if it failed to meet the criteria set up in regulation. Existing enforcement provisions would still apply.

Current mortgage licensing requirements are a regulatory and financial burden on Alaska non-profit organizations.

Please let me know if you have any questions or need additional information.

Sincerely,

Tracy Reno
Chief of Examinations
Alaska Division of Banking and Securities
tracy.reno@alaska.gov
Phone 907-269-8112

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