



TESTIMONY ON SB 908 BEFORE HOUSE BANKING COMMITTEE

*Presented by Murray Brown, MMLA Legislative Consultant
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MMLA Supports SB 908 as passed by the Senate. The legislation was introduced at the Association's request to address some technical issues that arose since the enactment of the Mortgage Loan Originator Licensing Act (MLOLA) in 2009.

MLOLA was enacted to meet a federal mandate in the Secure and Fair Enforcement for Mortgage Licensing Act (SAFE), that all states enact a mortgage loan originator law that had certain minimum pre-licensure and continuing education requirements.

The MLOLA took effect on July 31, 2009 and required that all non-depository mortgage loan originators be licensed by July 31, 2010. In meeting that federal mandate, HUD allowed states to include a provision that delayed until July 31, 2011 the compliance date for loan modification staff of mortgage servicers that were negotiating and originating loans. In the MLOLA loan modification staff were given until July 31, 2011 so that their work output would not be adversely affected by their efforts to meet the July 31, 2010 compliance date.

Since we are beyond the July 31, 2011 compliance date, SB 908 would delete the provision that provided for the 12-month delay in the compliance date for loan modification staff, as it no longer has statutory significance.

OFIR-proposed amendments added to the bill with the support of MMLA would make MLOLA provisions more in sync with the requirements and procedures of the Nationwide Mortgage Licensing System (NMLS). These amendments include the following:

- A provision specifying that companies, typically non-profits, exempt from licensure under the mortgage company licensing acts, must be approved by the OFIR Commissioner in the NMLS as an exempt company, and must obtain a unique identifier.

- Adding a definition of the term “sponsor” defined as a company licensed, registered, or exempt under the mortgage licensing acts, and which company has indicated in the NMLS that one or more individuals will act as a mortgage loan originator under the company’s license, registration or exempt status.
- An MLO who no longer has a sponsor, or has a sponsor but no bond coverage is automatically subject to a condition that the MLO must immediately cease originating mortgage loans until such time as the MLO has a sponsor and bond coverage.