



## **Mortgage Bankers Association of Southwest Florida**

### **Legislative Update April 21, 2011**

#### **Licensing/SAFE Act**

There are 2 identical bills in the Florida Legislature right now, HB 823 (sponsored by Representative Ritch Workman) and SB 1316 (sponsored by Senator Nancy Detert), which if passed would exempt in-house loan processors from many of the current licensing requirements they currently must meet, per the SAFE Act. The bills are moving through committees; HB 823 is currently on the Economic Affairs Committee agenda for review this morning and SB 1316 is currently on the Budget Committee agenda for discussion and vote on 4/25. Thus far, the bill has been met with favor and it is anticipated that it will go before the Governor by early May.

*From the Mortgage Bankers Association:*

The House Insurance and Banking Subcommittee's analysis notes that "normally, loan originators are prohibited from working for more than one mortgage broker or mortgage lender, whether as an employee or as an independent contractor." Current law provides an exception for "loan processors," individuals licensed as loan originators but only performing clerical or support duties. They are allowed to contract with or be employed by multiple companies. The Secure and Fair Enforcement for Mortgage Licensing (SAFE) Act requires licensure of contract loan processors as loan originators.

This bill would distinguish between in-house loan processors and contract loan processors, and create a new type of license unique to in-house loan processors. It would specify that those applying for licensure as an in-house loan processor must comply with some, but not all, of the requirements that must be met for licensure as a loan originator. They would have to submit fingerprints and undergo a state and federal criminal history background check, but would not be required to meet the pre-licensure education requirement or requirement for release of a credit report or a credit history.

The bill would also:

- Require applicants for initial licensure or renewal to submit a nonrefundable fee of \$100 or \$75 respectively, while similar fees for loan originators are \$195 and \$150.
- Exempt in-house loan processors from the \$20 nonrefundable fee required of loan originators for deposit into the Mortgage Guaranty Trust Fund.
- Require direction and supervision of an in-house loan processor by a state-licensed loan originator. Individuals currently licensed as loan originators who wish to be licensed as in-house loan processors, would be subject to fewer regulatory requirements and lower fees.
- Retain the SAFE Act requirement that a good faith estimate be provided to an individual applying for a mortgage loan, but remove the requirement for the borrower to sign and date the good faith estimate.
- Codify the SAFE Act requirement that a mortgage lender submit reports of mortgage activity and financial information to the Nationwide Mortgage Licensing System and Registry.

The bill would become effective January 1, 2012.