

# Bill Summary

<b><u>COMMITTEE:</u></b>	Banking and Insurance	<b><u>DATE:</u></b>	6/2/09
<b><u>PRIME SPONSOR:</u></b>	Browne	<b><u>BILL NO:</u></b>	SB936
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## **A. Synopsis:**

Senate Bill 936 makes the necessary Federally mandated changes to the Mortgage Licensing Act according to the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E.).

## **B. Summary:**

SB936 amends Title 7 (Banks and Banking) of the PA Consolidated Statutes.

In July, 2008, the Federal Government passed the S.A.F.E. Act. Because of this new act, Pennsylvania is required to make changes to our recently enacted Mortgage Act in July 2008. The licensure and regulation of mortgage loan originators could default to the United States Department of Housing and Urban Development if changes are not made by July 31, 2009.

The bill makes several changes:

- Qualifications for most loan originator exceptions are added. Loan originators employed by bank affiliates, federal, state, and local government entities, and non-profit entities are brought under the licensure provisions of the Act if the originator takes mortgage loan applications or offers or negotiates terms of a mortgage loan for compensation. Exceptions with minimal change include loan originators working on behalf of an immediate family member, consumer discount companies, employees of a mortgage broker, and mortgage loan originators acting on behalf of their employees.
- Requires surety bonds for loan originators. The size of the bond is tied to the volume of lending or brokering. The bonds would be utilized to compensate consumers injured by acts or omissions of mortgage loan originators.
- Pre-licensing education for originators increases to 20 hours and the amount of continuing education for originators is increased to eight hours annually.
- Criminal history restrictions for loan originators are strengthened. Any person convicted of a felony within seven years of application for license is disqualified from licensure as a mortgage originator. Any person convicted of a felony involving an act of fraud, dishonesty, breach of trust, or money laundering at any time is disqualified from licensure as a mortgage originator.
- Adds several new definitions to the legislation

This act will take effect immediately.