



One Hundred First Legislature - First Session - 2009
Introducer's Statement of Intent
LB 328

Chairperson: Rich Pahls
Committee: Banking, Commerce and Insurance
Date of Hearing: February 9, 2009

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

LB 328 is a bill introduced at the request of the Nebraska Department of Banking and Finance (department). Its primary purpose is to implement the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (S.A.F.E.), enacted into law as Title V of P.L. 110-229. S.A.F.E. was incorporated into Title V of the Housing and Economic Recovery Act of 2008, signed into law on July 30, 2008. S.A.F.E. mandates that states adopt a system of licensure for individual mortgage loan originators within one year of enactment. This system of licensure applies to all loan originators, except those who work at depository institutions and certain of their subsidiaries, who instead must register through procedures adopted by the Federal Banking Regulators. If a state does not adopt a system that meets the S.A.F.E. mandates, the United States Department of Housing and Urban Development (HUD) is required to create a system for licensing individual loan originators in that state. S.A.F.E. contains a number of minimum standards and requirements that a state code establishing mortgage loan originator licensing must include; these mandatory requirements are included in LB 328.

In response to S.A.F.E., state regulators working through the Conference of State Bank Supervisors and American Association of Residential Mortgage Regulators drafted a model state law code to incorporate the mandates contained in S.A.F.E. HUD has reviewed the model state law and has determined that it complies with S.A.F.E.; that a state that adopts the model law will be deemed in compliance with S.A.F.E.; and that HUD will not create its own system of licensure in that state.

LB 328 adopts the model state code by amending the Mortgage Bankers Registration and Licensing Act, the Nebraska Banking Act, the State-Federal Cooperation Acts, the Installment Loan Act, and the Foreclosure Protection Act. The current Mortgage Bankers Registration and Licensing Act provides for a licensing regime for mortgage bankers, but currently exempts individual loan originators from licensure. LB 328 repeals that exemption, adds the requirements of the model state law to the current Act, makes certain clarifications to the current Act, and harmonizes the provisions of current state law with the model state law. In addition, LB 328 makes certain changes to the Installment Loan Act to require individual mortgage loan originators who work for installment loan companies to be licensed as mandated by S.A.F.E, and mandates that state-chartered, non-insured depository institutions register their loan originators

in the same manner that insured depository institutions are required to do. LB 328 will bring Nebraska into compliance with the requirements of S.A.F.E.

Principal Introducer:

_____ **Senator Rich Pahls**