

Regular Session, 2010

SENATE CONCURRENT RESOLUTION NO. 76

BY SENATOR BROOME

CONGRESS. Memorializes Congress to exempt or permit the exemption of certain federal tax exempt nonprofit organizations making residential mortgage loans to promote home ownership or home improvement for the disadvantaged from requirements of the S.A.F.E. Act.

1 A CONCURRENT RESOLUTION

2 To memorialize the Congress of the United States to provide an exemption or authorize  
3 states to exempt certain nonprofit organizations exempt from federal taxation under  
4 Section 501(c) of the Internal Revenue Code making residential mortgage loans to  
5 promote home ownership or home improvements for the disadvantaged, and its  
6 employees and agents, from requirements of the S.A.F.E. Act.

7 WHEREAS, the federal Secure and Fair Enforcement of Mortgage Licensing Act of  
8 2008 (S.A.F.E. Act) gave states one year from July 30, 2008 to pass legislation requiring the  
9 licensure of mortgage loan originators according to national minimum standards; and

10 WHEREAS, the S.A.F.E. Act seeks to enhance consumer protection and reduce fraud  
11 through the setting of minimum standards for the licensing and registration of state-licensed  
12 mortgage loan originators; and

13 WHEREAS, the United States Department of Housing and Urban Development  
14 (HUD) is tasked with reviewing state laws enacted in response to the S.A.F.E. Act and if it  
15 determines that a state's mortgage licensing standards do not meet the minimum  
16 requirements of the Act, HUD is charged to establish and implement a system for mortgage  
17 loan originators in that state; and

18 WHEREAS, HUD has proposed rules to set forth the minimum standards that the

1 S.A.F.E. Act requires states to meet when licencing loan originators and has indicated that  
2 the S.A.F.E. Act and the proposed rules do not provide any exemption for certain nonprofit  
3 organizations; and

4 WHEREAS, S. 3106 and H.R. 4400 are pending in Congress, designated as the  
5 "Nonprofit Mortgage Licensing Clarification Act of 2010", which amends the S.A.F.E. Act  
6 to permit a state to exempt from certain registration or licensing requirement any charitable  
7 organization exempt from federal tax, including their employees and agents acting as loan  
8 originators, if the organization:

9 (1) executes loan originations in order to promote or facilitate home ownership for  
10 certain low-income, disabled, or other disadvantaged persons or families;

11 (2) offers loans at interest rates lower than the bank prime loan rate, or that are no-  
12 interest loans or loans with interest rates significantly below those for loans to  
13 purchase generally available single family housing; and

14 (3) does not otherwise engage in the business of a loan originator or mortgage  
15 broker; and

16 WHEREAS, Habitat for Humanity International and its many affiliates comprise one  
17 of the largest home construction firms in the world and is also one of the world's largest  
18 nonprofit mortgage lenders; so that as habitat homes are constructed in partnership with  
19 qualifying individuals and families and sold at cost with a no-interest mortgage; then using  
20 the money it gets back from mortgage payments to build more homes, a system that does a  
21 lot for needy families and provides safe, affordable housing with wide-ranging implications  
22 from public health all the way to upward financial mobility; and

23 WHEREAS, new homeowners foreclosure and default rates on Habitat for Humanity  
24 loans are consistently well below national rates; and

25 WHEREAS, in the 2009 Regular Session, the Louisiana Legislature passed Act 522  
26 designated as the "Louisiana Secure and Fair Enforcement of Mortgage Licensing Act of  
27 2009" or the "Louisiana S.A.F.E. Residential Mortgage Lending Act" which provides an  
28 exemption from licensure applicable to residential mortgage lenders and residential  
29 mortgage brokers for any nonprofit corporation exempt from federal taxation under Section  
30 501(c) of the Internal Revenue Code making residential mortgage loans to promote home

1 ownership or home improvements for the disadvantaged and its employees; and

2 WHEREAS, without action by Congress, the Louisiana statute, as well as the laws  
3 of several other states, may be deemed to be in noncompliance.

4 THEREFORE, BE IT RESOLVED that the Legislature of Louisiana memorializes  
5 the Congress of the United States to provide an exemption or authorize states to exempt  
6 nonprofit organizations exempt from federal taxation under Section 501(c) of the Internal  
7 Revenue Code making residential mortgage loans to promote home ownership or home  
8 improvements for the disadvantaged and its employees and agents, from registration and  
9 licensing requirements of the S.A.F.E. Act.

10 BE IT FURTHER RESOLVED that the members of the Louisiana congressional  
11 delegation are hereby urged to co-sponsor and support S. 3106 and H.R. 4400, and similar  
12 legislation providing an exemption or authorizing states to exempt nonprofit organizations  
13 exempt from federal taxation under Section 501(c) of the Internal Revenue Code making  
14 residential mortgage loans to promote home ownership or home improvements for the  
15 disadvantaged and its employees and agents, from registration and licensing requirements  
16 of the S.A.F.E. Act.

17 BE IT FURTHER RESOLVED that a copy of this Resolution shall be transmitted  
18 to the secretary of the United States Senate and the clerk of the United States House of  
19 Representatives and to each member of the Louisiana delegation to the United States  
20 Congress.

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The original instrument and the following digest, which constitutes no part  
of the legislative instrument, were prepared by Jerry J. Guillot.

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DIGEST

Broome

SCR No.

Memorializes Congress to provide an exemption or authorize states to exempt nonprofit organizations exempt from federal taxation under Section 501(c) of the Internal Revenue Code making residential mortgage loans to promote home ownership or home improvements for the disadvantaged and its employees and agents, from registration and licensing requirements of the S.A.F.E. Act.