

SENATE CONCURRENT RESOLUTION NO. 76

BY SENATOR BROOME AND REPRESENTATIVE BARROW

A CONCURRENT RESOLUTION

To memorialize the Congress of the United States to provide an exemption or authorize states to exempt certain 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 requirements of the S.A.F.E. Act.

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

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

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

WHEREAS, HUD has proposed rules to set forth the minimum standards that the S.A.F.E. Act requires states to meet when licencing loan originators and has indicated that the S.A.F.E. Act and the proposed rules do not provide any exemption for certain nonprofit organizations; and

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

- (1) executes loan originations in order to promote or facilitate home ownership for certain low-income, disabled, or other disadvantaged persons or families;
- (2) offers loans at interest rates lower than the bank prime loan rate, or that are no-interest loans or loans with interest rates significantly below those for loans to purchase generally available single family housing; and
- (3) does not otherwise engage in the business of a loan originator or mortgage broker; and

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

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

WHEREAS, in the 2009 Regular Session, the Louisiana Legislature passed Act 522 designated as the "Louisiana Secure and Fair Enforcement of Mortgage Licensing Act of 2009" or the "Louisiana S.A.F.E. Residential Mortgage Lending Act" which provides an exemption from licensure applicable to residential mortgage lenders and residential mortgage brokers for any nonprofit corporation 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

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

THEREFORE, BE IT RESOLVED that the Legislature of Louisiana memorializes the Congress of the United States 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.

BE IT FURTHER RESOLVED that the members of the Louisiana congressional delegation are hereby urged to co-sponsor and support S. 3106 and H.R. 4400, and similar legislation providing an exemption or authorizing 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.

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

---

PRESIDENT OF THE SENATE

---

SPEAKER OF THE HOUSE OF REPRESENTATIVES