

HOUSE No. 936

The Commonwealth of Massachusetts

PRESENTED BY:

Edward F. Coppinger

To the Honorable Senate and House of Representatives of the Commonwealth of Massachusetts in General Court assembled:

The undersigned legislators and/or citizens respectfully petition for the adoption of the accompanying bill:

An Act relative to mortgage licensing and exemptions.

PETITION OF:

NAME:

Edward F. Coppinger

DISTRICT/ADDRESS:

10th Suffolk

HOUSE No. 936

By Mr. Coppinger of Boston, a petition (accompanied by bill, House, No. 936) of Edward F. Coppinger for legislation to exempt certain bona fide nonprofit affordable homeownership organizations from portions of the mortgage broker or lender license requirements. Financial Services.

[SIMILAR MATTER FILED IN PREVIOUS SESSION
SEE HOUSE, NO. 2160 OF 2017-2018.]

The Commonwealth of Massachusetts

**In the One Hundred and Ninety-First General Court
(2019-2020)**

An Act relative to mortgage licensing and exemptions.

Be it enacted by the Senate and House of Representatives in General Court assembled, and by the authority of the same, as follows:

1 SECTION 1: Chapter 255E of the General Laws as appearing in the 2016 Official Edition
2 is hereby amended by inserting, after the word “meanings:-“ in line 2, the following definition:-

3 “Bona fide nonprofit affordable homeownership organization”, a Massachusetts nonprofit
4 corporation with a primary purpose of helping qualified low-income individuals build, repair and
5 purchase affordable housing and must meet the definition of “Bona fide non-profit organization”
6 Part 1008 –SA.F.E. Mortgage Licensing Act –State Compliance and Bureau Registration System
7 (Regulation H) §1008.103 (7) (ii).

8 SECTION 2: Section 2 of chapter 255E of the General Laws as so appearing is hereby
9 amended by adding the following paragraphs:-

10 The Commissioner may issue an exemption from the provisions of this chapter from the
11 first mortgage lien provisions of the federal Secure and Fair Enforcement for Mortgage
12 Licensing Act of 2008 to any bona fide affordable homeownership organization upon its
13 application for an exemption. Such application shall be approved upon the Commissioner's
14 determination that the organization satisfies the following criteria:

15 (a) The organization is a Massachusetts nonprofit corporation with a primary purpose
16 of helping qualified low-income individuals build, repair and purchase affordable housing;

17 (b) The organization is exempt from federal income taxation under Section 501(c)(3)
18 of the Internal Revenue Code;

19 (c) The organization does not charge loan origination fees;

20 (d) The organization does not provide mortgage loans which do not fully amortize
21 over the term of the notes they secure;

22 (e) The organization does not compensate any employees based on the number and/or
23 size of mortgage loans originated by the employee.

24 (f) The organization provides mortgage products that meet the Consumer Financial
25 Protection Bureau's (CFPB's) Ability-to-Repay (ATR) rule and its Qualified Mortgage (QM)
26 standards.

27 (g) The organization must determine that a borrower has a reasonable ability to repay
28 a mortgage before consummation. A borrower's debt-to-income ratio must not exceed 43%.

29 The issuance of an exemption by the Commissioner shall be in writing and shall be
30 granted for a 5-year period. The Division of Banks may periodically monitor exempted

31 organizations and examine their books and activities to confirm they remain in compliance with
32 the provisions of this chapter.

33 The Commissioner may revoke an organization's exempt status if the Commissioner
34 determines it no longer meets the criteria in this section.

35 SECTION 3: Subsection (b) of section 2 of Chapter 255F of the General Laws as
36 appearing in the 2016 Official Edition is hereby amended by striking out, in line 30, the word
37 "and", and by adding the following sentence:- "; and (viii) any person offering or negotiating a
38 mortgage loan employed by an organization determined by the Commissioner to be a bona fide
39 nonprofit affordable homeownership organization and exempt from the provisions of this
40 chapter."