

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** House Bill 1124

**PRINTER'S NO.** 2061

**AMOUNT**

No Fiscal Impact

**FUND**

Banking Fund

**DATE INTRODUCED**

April 8, 2013

**PRIME SPONSOR**

Representative Scavello

**HISTORY OF BILL**

Referred to COMMERCE, April 8, 2013  
Reported as committed, April 15, 2013  
First consideration, April 15, 2013  
Laid on the table, April 15, 2013  
Removed from table, April 17, 2013  
Second consideration, with amendments, April 23, 2013  
Re-committed to APPROPRIATIONS, April 23, 2013  
(Remarks see House Journal Page ), April 23, 2013  
Re-reported as committed, April 24, 2013  
Third consideration and final passage, April 24, 2013 (194-1)  
In the Senate  
Referred to BANKING AND INSURANCE, May 7, 2013  
Reported as amended, June 4, 2013  
First consideration, June 4, 2013  
Re-referred to APPROPRIATIONS, June 12, 2013  
Re-reported as amended, June 17, 2013

**DESCRIPTION AND PURPOSE OF BILL**

House Bill 1124 amends Chapter 61 of Title 7 (Banks and Banking), known as the Mortgage Licensing Act, to conform Pennsylvania law with recently adopted Housing and Urban Development (HUD) regulations under the federal Secure and Fair Enforcement for Mortgage Licensing Act (S.A.F.E. Act). The bill also clarifies provisions of Pennsylvania's Mortgage Licensing Act (Act 31 of 2009).

The federal S.A.F.E. Act of 2008 is designed to enhance consumer protection and reduce fraud by requiring states to establish minimum standards for the licensing and registration of state-licensed mortgage loan originators. In response, the Commonwealth passed the Mortgage Licensing Act in 2009.

# **SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE**

House Bill 1124 makes the following changes and clarifications to the Mortgage Licensing Act:

- Restores a person's ability to originate, offer, negotiate, or service fewer than four mortgage loans in a calendar year without being licensed as a mortgage originator so long as they are not routinely engaged in the business of providing mortgage loans.
- Clarifies that a seller of a dwelling or real estate through an installment sales contract is required to be licensed as a mortgage lender and have their employees licensed as mortgage loan originators.
- Defines and exempts non-profit organizations from mortgage loan originating licensing requirements when the originator is acting within the scope of their employment by such organization.
- Eliminates existing requirements that mortgage loan originators be W-2 employees of the mortgage lender or broker so long as they are under the direct supervision and control of the mortgage lender or broker.
- Clarifies that the minimum net worth for a mortgage lender is \$250,000 and removes requirements that smaller lenders must meet higher net worth standards.
- Eases branch office licensing requirements to allow more business to occur outside mortgage lender or broker offices.
- Clarifies that lease purchases and mortgage loan modifications are considered mortgage loans subject to licensing and enforcement provisions under the act.
- Exempts individuals from continuing education requirements within their first year of completing pre-licensing education.
- Clarifies that employees such as securities broker-dealers, title insurance agents, and insurance agents are not required to be licensed as mortgage originators under the act.

## **FISCAL IMPACT:**

House Bill 1124 will have no adverse impact on Commonwealth funds.