

BANKS AND BANKING (7 PA.C.S.) - EXCEPTIONS TO LICENSE REQUIREMENTS
Act of Nov. 23, 2010, P.L. 1346, No. 122 Cl. 07
Session of 2010
No. 2010-122

HB 2547

AN ACT

Amending Title 7 (Banks and Banking) of the Pennsylvania Consolidated Statutes, further providing for definitions and for exceptions to license requirements.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. Section 6102 of Title 7 of the Pennsylvania Consolidated Statutes is amended by adding definitions to read:
§ 6102. Definitions.

The following words and phrases when used in this chapter shall have the meanings given to them in this section unless the context clearly indicates otherwise:

* * *

"Holder." As defined in section 3 of the act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act.

* * *

"Installment seller." As defined in section 3 of the act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act.

* * *

"Manufactured home." Both of the following:

(1) A manufactured home as defined in section 603(6) of the National Manufactured Housing Construction and Safety Standards Act of 1974 (Public Law 93-383, 42 U.S.C. § 5402(6)).

(2) A mobile home as defined in 75 Pa.C.S. § 102 (relating to definitions).

* * *

"Purchase-money mortgage loan." A mortgage loan that is a residential mortgage transaction as defined in 12 CFR 226.2(a)(24) (relating to definitions and rules of construction).

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Section 2. Section 6112(4), (5), (7), (11) and (12) of Title 7 are amended and the section is amended by adding a paragraph to read:

§ 6112. Exceptions to license requirements.

The following persons shall not be required to be licensed under this chapter in order to conduct the mortgage loan business:

* * *

(4) Any agency or instrumentality of the Federal Government or a corporation otherwise created by an act of the United States Congress, including the Federal National Mortgage Association, the Government National Mortgage Association, the Veterans' Administration, the Federal Home Loan Mortgage Corporation and the Federal Housing Administration. To qualify for the exception under this paragraph, the agency or instrumentality must **ensure employees required to be licensed as mortgage originators have completed the requirements under section 6131.1 (relating to prelicensing and continuing education), have obtained the required mortgage originator license and :**

(i) in the same manner as a mortgage lender, obtain and maintain bond coverage for mortgage originators

consistent with section 6131(c)(5) (relating to application for license) and file an annual report consistent with section 6135(a)(3) (relating to licensee requirements); or

(ii) annually, in a form acceptable to the department, demonstrate to the department that all of the mortgage originators employed by the agency or instrumentality have obtained and maintained the bond coverage required by section 6131(f)(4).

(5) Any agency or instrumentality of a state or local government, the District of Columbia or any territory of the United States, including the Pennsylvania Housing Finance Agency and other government housing finance agencies. To qualify for the exception under this paragraph, the agency or instrumentality must **ensure employees required to be licensed as mortgage originators have completed the requirements under section 6131.1, have obtained the required mortgage originator license and :**

(i) in the same manner as a mortgage lender, obtain and maintain bond coverage for mortgage originators consistent with section 6131(c)(5) and file an annual report consistent with section 6135(a)(3); or

(ii) annually, in a form acceptable to the department, demonstrate to the department that all of the mortgage originators employed by the agency or instrumentality have obtained and maintained the bond coverage required by section 6131(f)(4).

* * *

(7) Affiliates of banking institutions and subsidiaries and affiliates of federally chartered or State-chartered credit unions. The exception under this paragraph does not apply to consumer discount companies. Notwithstanding the exception under this paragraph, subsidiaries and affiliates of federally chartered or State-chartered credit unions and affiliates of banking institutions shall:

(i) be subject to the provisions of Subchapter C and sections 6135(a)(2), (3) and (4), (b) and (c), 6138 and 6140(b);

(ii) deliver as required to the department annually copies of financial reports made to all supervisory agencies;

(iii) be registered with the department; [and]

(iv) [with the exception of subsidiaries of federally chartered or State-chartered credit unions,] in the same manner as a mortgage lender, obtain and maintain bond coverage for mortgage originators consistent with section 6131(c)(5) [.] ; and

(v) ensure employees required to be licensed as mortgage originators have completed the requirements under section 6131.1 and have obtained the required mortgage originator license.

* * *

(11) Nonprofit corporations not otherwise engaged in or holding themselves out to the public as being engaged in the mortgage loan business making mortgage loans to promote home ownership or improvements for the disadvantaged. To qualify for the exception under this paragraph, the nonprofit corporation must **ensure employees required to be licensed as mortgage originators have completed the requirements under section 6131.1, have obtained the required mortgage originator license and :**

(i) in the same manner as a mortgage lender, obtain and maintain bond coverage for mortgage originators consistent with section 6131(c)(5) and file an annual report consistent with section 6135(a)(3); or

(ii) annually, in a form acceptable to the department, demonstrate to the department that all of the mortgage originators employed by the nonprofit corporation have obtained and maintained the bond coverage required by section 6131(f)(4).

(12) A nonprofit corporation not otherwise engaged in or holding itself out to the public as being engaged in the mortgage loan business which meets all of the following subparagraphs:

(i) Does not make more than 12 mortgage loans in a calendar year with its own funds, not including funds borrowed through warehouse lines of credit or other sources for the purpose of making mortgage loans.

(ii) Makes mortgage loans which are retained in the corporation's own portfolios and not regularly sold to others and are made to promote and advance the cultural traditions and lifestyles of bona fide religious organizations.

(iii) Does either of the following:

(A) In the same manner as a mortgage lender, obtains and maintains bond coverage for mortgage originators consistent with section 6131(c)(5) and files an annual report consistent with section 6135(a)(3).

(B) Annually, in a form acceptable to the department, demonstrates to the department that all of the mortgage originators employed by the nonprofit corporation have obtained and maintained the bond coverage required by section 6131(f)(4).

(iv) Ensures employees required to be licensed as mortgage originators have completed the requirements under section 6131.1 and have obtained the required mortgage originator license.

(13) An installment seller of, or holder of installment sales contracts secured by, manufactured homes who is licensed under the act of June 28, 1947 (P.L.1110, No.476), known as the Motor Vehicle Sales Finance Act, provided the installment seller or holder only engages in the mortgage loan business regarding installment sales contracts secured by manufactured homes that are purchase-money mortgage loans. To qualify for the exception under this paragraph, the installment seller or holder must:

(i) Obtain a license as a mortgage originator, if licensed as an individual under the Motor Vehicle Sales Finance Act.

(ii) Be registered with the department.

(iii) Do either of the following:

(A) In the same manner as a mortgage lender or mortgage broker, as applicable depending upon whether the installment seller or holder makes or brokers installment sales contracts secured by manufactured homes that are purchase-money mortgage loans, obtain and maintain bond coverage for mortgage originators consistent with section 6131(c)(5) or (e)(3) and file an annual report consistent with section 6135(a)(3); or

(B) Annually demonstrate to the department that the mortgage originators employed by the installment seller or holder have obtained and maintained the bond coverage required by section 6131(f)(4) in a form acceptable to the department.

(iv) Ensure employees required to be licensed as mortgage originators have completed the requirements under section 6131.1 and have obtained the required mortgage originator license.

Section 3. This act shall take effect immediately.

APPROVED--The 23rd day of November, A.D. 2010.

EDWARD G. RENDELL