



## Testimony in Support of An Act Relative to Mortgage Licensing and Exemptions (H.2160)

David A. Bryant  
Director of Advocacy  
to the  
Joint Committee on Financial Services

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Chairman Michlewitz, Chairman Eldridge, and Members of the Joint Committee, on behalf of MACDC and our members, I am testifying in support of An Act Relative to Mortgage Licensing and Exemptions (H.2160), with amendments.

MACDC represents all 60 state-certified CDCs in Massachusetts as well as 30 other nonprofit organizations that share our mission of expanding economic opportunity across the Commonwealth. Our members have long been engaged in addressing the need for affordable housing. Many administer loan programs that provide down payment assistance so that low-and moderate-income (LMI) families can purchase homes, help families at risk of foreclosure to receive loan modifications, and provide funds so that LMI homeowners can address significant home repair needs or for lead paint abatement. These loans offer terms that are favorable to the borrower, in some cases loans at no interest with repayment deferred, and in some cases the nonprofit is administering loans on behalf of local government, which sets the terms of the loans.

The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (“SAFE Act”) governs the licensing requirements for mortgage loan originators. In recognition of the material differences between the loans administered by nonprofits with a public or charitable purpose, and the commercial purpose of the work of a typical mortgage lender, the SAFE Act permits states to exempt certain nonprofits, and the employees who work for them, from the mortgage licensing requirements. Specifically, states are permitted to exempt from the licensing requirements a “bona fide nonprofit organization”, defined in the SAFE Act (a tax-exempt nonprofit organization that promote housing or provide homeownership services, conducts its business in a manner that serves charitable purposes, provides loan terms that are favorable to the borrower, and compensates its employees in a manner that does not incentivize employees to act other than in the best interests of the borrower).

Massachusetts laws (Chapter 255E and Chapter 255F) currently do not provide for this exemption from the licensing requirements. While a 2008 Opinion letter from the MA Division of Banks stated that certain nonprofits and employees were exempt from the licensing requirements, the Division issued a letter in June 2017 to notify nonprofits whose employees previously were deemed exempt from the requirements that they are no longer considered exempt.

House Bill No. 2160, proposed by Habitat and introduced by Rep. Coppinger, offers an exemption for “bona fide nonprofit affordable homeownership organizations.” MACDC, in collaboration with CHAPA and the Regional Housing Network of Massachusetts, has discussed this legislation with

Habitat, and we all agree that an amended version of this legislation, that will include a broader group of nonprofits, is in the interest of the Commonwealth and its residents.

We hope that House Bill No. 2160, as it moves through the legislative process, can be amended to meet the needs of the Division of Banks, Habitat, and other stakeholders, so that the work of these nonprofit organizations that serve LMI families can continue.

Respectfully submitted,

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