

House Bill 750

By: Representatives Frye of the 118th, Williams of the 119th, Abrams of the 89th, Cheokas of the 138th, England of the 116th, and others

A BILL TO BE ENTITLED
AN ACT

1 To amend Code Section 7-1-1001 of the Official Code of Georgia Annotated, relating to
2 exemptions from licensing requirements of mortgage brokers and mortgage lenders, so as to
3 provide for an exemption to mortgage loan originator licensing requirements for employees
4 of certain nonprofit corporations; to provide for related matters; to provide for an effective
5 date; to repeal conflicting laws; and for other purposes.

6 BE IT ENACTED BY THE GENERAL ASSEMBLY OF GEORGIA:

7 **SECTION 1.**

8 Code Section 7-1-1001 of the Official Code of Georgia Annotated, relating to exemptions
9 from licensing requirements of mortgage brokers and mortgage lenders, is amended by
10 revising subsection (b) and adding a new subsection to read as follows:

11 "(b) Exemptions enumerated in paragraphs (1), (2), (2.1), (7), (8), (9), (11), (12), (13), (14),
12 (15), (16), and (17) of subsection (a) of this Code section shall be exemptions from
13 licensure as a mortgage broker or mortgage lender only. Nothing in paragraphs (1), (2),
14 (2.1), (7), (8), (9), (11), (12), (13), (14), (15), (16), and (17) of subsection (a) of this Code
15 section shall be intended to exempt natural persons from compliance with mortgage loan
16 originator licensing requirements as set forth in this article and the Secure and Fair
17 Enforcement for Mortgage Licensing Act of 2008. Individuals that transact business as a
18 mortgage loan originator, unless specifically exempted by paragraph (3), (4), (5), (6), or
19 (10) of subsection (a) or subsection (c) of this Code section, shall obtain a mortgage loan
20 originator license as required by Code Section 7-1-1002 whether they are employed by a
21 mortgage broker, mortgage lender, or person exempted as a mortgage broker or lender as
22 set forth in this subsection.

23 (c)(1) An employee of a bona fide nonprofit corporation who acts as a mortgage loan
24 originator only with respect to his or her work duties with the bona fide nonprofit
25 corporation and who acts as a mortgage loan originator only with respect to mortgage
26 loans with terms that are favorable to the borrower shall be exempt from obtaining a
27 mortgage loan originator license. In order for a corporation to be considered a bona fide

28 nonprofit corporation under this subsection, the department shall determine, under criteria
 29 and pursuant to processes established by the department, that the nonprofit corporation:
 30 (A) Has the status of a tax-exempt organization under section 501(c)(3) of the Internal
 31 Revenue Code of 1986;
 32 (B) Promotes affordable housing;
 33 (C) Conducts its activities in a manner that serves public or charitable purposes, rather
 34 than commercial purposes;
 35 (D) Receives funding and revenue and charges fees in a manner that does not
 36 incentivize it or its employees to act other than in the best interests of its clients;
 37 (E) Compensates its employees in a manner that does not incentivize employees to act
 38 other than in the best interests of its clients;
 39 (F) Provides or identifies for the borrower mortgage loans with terms favorable to the
 40 borrower and comparable to mortgage loans and housing assistance provided under
 41 government housing assistance programs. In order for mortgage loans to have terms
 42 that are favorable to the borrower, the department shall determine that the terms are
 43 consistent with loan origination in a public or charitable context, rather than in a
 44 commercial context; and
 45 (G) Satisfies the exemption from licensure set forth in paragraph (13) of subsection (a)
 46 of this Code section.
 47 (2) The department shall periodically examine the books and activities of an organization
 48 it has previously identified as a bona fide nonprofit corporation for purposes of this
 49 subsection in order to determine if it continues to meet the criteria for such status under
 50 paragraph (1) of this subsection. In conducting such an examination, the department shall
 51 have all of the powers set forth in Code Section 7-1-1009. In the event the nonprofit
 52 corporation no longer qualifies for such status, then the employee exemption from having
 53 a mortgage loan originator license shall no longer be applicable."

54 **SECTION 2.**

55 This Act shall become effective upon its approval by the Governor or upon its becoming law
 56 without such approval.

57 **SECTION 3.**

58 All laws and parts of laws in conflict with this Act are repealed.