

HOUSE No. 4334

The Commonwealth of Massachusetts

**In the One Hundred and Ninetieth General Court
(2017-2018)**

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
2 Edition is hereby amended by inserting, after the word “meanings:-“ in line 2, the following
3 definition:-

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

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

11 The Commissioner may issue an exemption from the provisions of this chapter from the
12 first mortgage lien provisions of the federal Secure and Fair Enforcement for Mortgage
13 Licensing Act of 2008 to any bona fide affordable homeownership organization upon its

14 application for an exemption. Such application shall be approved upon the Commissioner's
15 determination that the organization satisfies the following criteria:

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

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

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

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

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

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

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

30 The issuance of an exemption by the Commissioner shall be in writing and shall be
31 granted for a 5-year period. The Division of Banks may periodically monitor exempted
32 organizations and examine their books and activities to confirm they remain in compliance with
33 the provisions of this chapter.

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

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