



May 23, 2016

Dear Representative:

On behalf of the Mortgage Bankers Association, I am writing to urge you to vote in support of H.R. 2121, the SAFE Transitional Licensing Act, when it is considered by the House of Representatives this week.

The Secure and Fair Enforcement for Mortgage Licensing (SAFE) Act of 2008 created two parallel but asymmetrical regimes for mortgage loan originators (MLOs) that have resulted in uneven consumer protections and an un-level playing field for mortgage originators.

The SAFE Act requires MLOs employed by non-bank lenders to be licensed, which includes pre-licensing and annual continuing education requirements, passage of a comprehensive test, and criminal and financial background reviews conducted by state regulators. These MLOs are also registered in the Nationwide Mortgage Licensing System and Registry (NMLS). By contrast, MLOs employed by federally-insured depositories or their affiliates must only be registered in the NMLS, and do not have to pass a test or meet specific education requirements.

The result is a two-tiered system that inhibits job mobility for loan officers and makes it difficult for non-bank lenders to compete for talented employees. An MLO who moves from a bank to a non-bank lender must sit idle for weeks, and sometimes months, unable to engage in loan origination activities while they complete the SAFE Act's licensing and testing requirements – despite the fact they have already been registered in the NMLS and originating loans. H.R. 2121 promotes a fair and competitive labor market by eliminating barriers to the ability of non-bank lenders (especially small lenders) to compete for talented staff, and allowing MLOs to more easily move to the employer that offers them the best chance to succeed.

H.R. 2121 is a narrow solution that would provide “transitional authority” to originate mortgages for individuals who move from a federally-insured institution to a non-bank lender while they work to meet the SAFE Act's licensing and testing requirements. The bill also provides for similar transitional authority when MLOs move from state-to-state. The legislation has been endorsed by MBA after extensive consultation with the Conference of State Bank Supervisors to incorporate changes to the bill to ensure that MLOs can continue working, while in no way weakening the important consumer protections of the SAFE Act. For example, the bill requires bank MLOs to be experienced originators, prohibits transitional authority if an MLO has had a license denied, revoked or suspended, and requires the sponsoring lender to be fully responsible for the MLO's activities as if they were fully licensed.

MBA is especially grateful for the leadership of the bill's author, Representative Steve Stivers (R-OH), as well as its bipartisan original cosponsors: Representatives Terri Sewell (D-AL), Lynn Westmoreland (R-GA), Joyce Beatty (D-OH), Luke Messer (R-IN), Kyrsten Sinema (D-AZ), and Ed Perlmutter (D-CO).

We urge you to vote AYE on this common-sense legislation.

Sincerely,

A handwritten signature in black ink, appearing to read "David H. Stevens". The signature is fluid and cursive, with a large initial "D" and "S".

David H. Stevens, CMB
President and Chief Executive Officer