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Information for Mortgage Originators

There is a July 31, 2009 deadline in the mortgage origination industry that could affect you and your employees.

Public Chapter No. 499 was signed into law by Governor Bredesen on June 23, 2009 in order to bring the mortgage licensing laws in Tennessee into compliance with the federal *Secure and Fair Enforcement for Mortgage Lending Act of 2008* (SAFE Act). The SAFE Act seeks to squelch predatory lending practices and requires all states to implement mortgage licensing laws that meet or exceed certain national standards. (Neither the SAFE Act nor Public Chapter No. 499 provides an exemption for non-profit entities or their mortgage loan originator employees.) Since your organization originates mortgages with THDA, the organization as well as the involved employee(s) may now be required to be licensed.

Under the new law, a mortgage loan originator is generally defined as any **individual** who for compensation or gain or in the expectation of compensation or gain:

- (1) Takes a residential mortgage loan application, or
- (2) Offers or negotiates terms of a residential mortgage loan [with a customer].

The term does not include an *employee* who is engaged solely as a loan processor or underwriter for the company.

TDFI has posted a great deal of information at <http://www.tennessee.gov/tdfi/compliance/index.html>. Summaries of the laws and correspondence to mortgage loan originators are found here: <http://www.tennessee.gov/tdfi/compliance/2008tnmortact/index.html>. NMLS Memo #6 is comprehensive, yet compact.

We invite you to read the material and contact David T. Axford in the TDFI Compliance Division to determine whether your organization and employees must now be licensed. His phone number is 615-741-0346 and his e-mail is david.axford@tn.gov.

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Commissioner Greg Gonzales
Department of Financial Institutions