



July 28, 2009

Dear Non-Profit Housing Partner,

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

Due to a new federal law and conforming state legislative changes, some not-for-profit entities involved in mortgage lending are no longer automatically exempt from mortgage licensing under Tennessee law.

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>. Scroll down to "Hot Topics" and click on "S.A.F.E. Act and NMLS Information" to link to summaries of the laws and correspondence to mortgage loan originators. NMLS Memo #6 is comprehensive, yet compact.

We invite you to read the material and contact David T. Axford with the Tennessee Department of Financial Institutions Compliance Division to determine whether your organization and employees must now be licensed. Mr. Axford can be reached at (615) 741-3186, or by e-mail at David.Axford@tn.gov.

Sincerely,

Ted R. Fellman  
THDA Executive Director  
404 James Robertson Pkwy.  
Nashville, TN 37243-0900

Greg Gonzales, Commissioner  
Tennessee Department of Financial Institutions  
414 Union St., Ste. 1000  
Nashville, TN 37219