



## Minnesota Housing eNews Alert

February 22, 2011

### SAFE Act Compliance for Fix-Up Fund Lenders and Rehabilitation Loan Program Administrators

As you may know, last year the Minnesota Department of Commerce initiated legislation pertaining to the Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act). The SAFE Act was designed to enhance consumer protection and reduce fraud by encouraging states to establish minimum standards for the licensing and registration of state-licensed mortgage loan originators. The Minnesota Department of Commerce oversees compliance with licensing and establishes criteria for possible exemptions of certain organizations.

#### Action Required:

Minnesota Housing lenders need to determine which staff members may be considered mortgage loan originators. The definition of a mortgage loan originator can be found at [MN Statutes 58A.02 Subd. 7](#) and [MN Statutes 58A.03 Subd. 2](#).

All entities selling loans to Minnesota Housing, including local units of government and non-traditional lenders must be in compliance with this Act or need to have received an exemption. For staff members who are considered to be mortgage loan originators, lenders must take steps to be in compliance with the SAFE Act before a license can be issued:

- Pre-licensure certification
- A passing score on both the National and State components of the SAFE Test
- Satisfactory criminal background check including fingerprints
- Minnesota Department of Commerce satisfactory review of a credit report
- License sponsorship in NMLS by a licensed mortgage originator company

Minnesota Housing recommends that organizations keep documentation of any mortgage loan originators on staff including their registration in the Nationwide Mortgage Licensing System (NMLS), or of any exempt status that staff members may have.

Since Minnesota Housing is not a regulatory agency, all specific questions about the SAFE Act should be directed to the Minnesota Department of Commerce. For further SAFE Act compliance and exemption information contact:

Minnesota Department of Commerce

Robin Brown

Phone - 651-282-9855

Email - [mortgage.commerce@state.mn.us](mailto:mortgage.commerce@state.mn.us)

## **Single Audits**

### **(for Rehabilitation Loan Program Administrators only)**

Rehabilitation Loan Program (RLP) lenders are reminded that they are contracted lenders with Minnesota Housing to provide the services outlined in the program participation agreement. As contractors, it is Minnesota Housing's opinion that RLP lenders are not state recipients or subrecipients; therefore, they are **not** subject to 24 CFR Part 92.506 requiring Single Audits in accordance the Single Audit Act Amendments of 1996 (31 U.S.C. 75017507) and revised OMB Circular A133 for purposes of RLP funding.

## **Questions?**

Single Family Division Help Desk  
651.296.8215 or 800.710.8871 (toll-free)  
7:30 a.m. to 5:00 p.m. (business days)