

April 22, 2010

Mercedes Marquez
Assistant Secretary for Community Planning
and Development
U.S. Department of Housing and Urban Development
451 7th Street, SW
Washington, DC 20410

RE: The SAFE Act

Dear Assistant Secretary Marquez:

The below listed organizations, representing the Nation's local elected officials and affordable housing and community development practitioners, write to you about the Secure and Fair Enforcement Mortgage Licensing Act of 2008 (SAFE Act). The SAFE Act was enacted by Congress on July 30, 2008 as part of the Housing and Economic Recovery Act (H.R. 3221). The Act is designed to enhance consumer protection and reduce fraud by encouraging states to establish minimum standards for the licensing and registration of mortgage loan originators. However, some states have included local government agencies which provide mortgage assistance under CDBG and HOME under the definition of mortgage loan originator. This has resulted in some CDBG and HOME grantees having to undergo stringent mortgage licensing and testing requirements, which costs money, but also takes a considerable amount of time away from the administration of their CDBG, CDBG-R, HOME, NSP, HPRP, and other program areas.

The Conference of State Bank Supervisors and the American Association of Residential State Bank Supervisors were charged by Congress with creating the model state law that 49 states have now enacted to comply with the SAFE Act. In a letter to HUD on February 24, 2010, both organizations commented that they "believe that the SAFE Act requirements do not apply to federal, state and local governments who perform the activities of mortgage loan originator as part of their official duties." The letter was sent in response to comments on Docket No. FR-5271-P-01; HUD responsibilities under the SAFE Act. This letter can be found at

<http://mortgage.nationwidelicingsystem.org/SAFE/NMLS%20Document%20Library/CBS-AARMR%20Comment%20Letter%20to%20HUD.pdf>

We are seeking your help to verify our findings that the SAFE Act does not apply to CPD grantees and to request your assistance in communicating these findings to State agencies administering the SAFE Act.

We thank you in advance for consideration of our request and thank you for your ardent leadership of the CPD programs.

Sincerely,

U.S. Conference of Mayors
National Association of Counties
National Association for County Community and Economic Development
National Association of Local Housing Finance Agencies
National Community Development Association

