

# LEGISLATIVE BULLETIN

**Mortgage Bankers Association of Georgia**  
**McCalla, Raymer, Padrick, Cobb, Nichols & Clark**  
**Richard Raymer, Legal Counsel**  
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Yet again the Gold Dome was ablaze with activity as the Legislature approached the dreaded “Day 30,” where bills which haven’t crossed chambers are theoretically dead. Into the wee hours of the morning Democrats and Republicans alike were racing against the clock forcing votes, amending language, backing down and pushing bills into action. Republicans may have been calling the shots for the majority of the 2006 session but Democrats turned in their strongest performance of the year on Crossover Day as they blocked two of Republican Governor Sonny Perdue’s key initiatives, while raising the ante on a Republican-proposed senior tax cut and softening the state’s asset-recovery policy from the estates of deceased Medicaid recipients.

Looking back, prior to Crossover Day, the week began on a demanding note. The Senate voted to initiate a crackdown on illegal immigration in the state, approving a measure that requires verification of citizenship before those over 18 can receive state services and reworked the state’s tax laws to prevent employers from claiming a deduction for the salaries of workers who aren’t legally in this country. From here **SB 529**, has crossed over and is now in the House awaiting action.

The sponsor of a controversial proposal to let developers tax home buyers in new subdivisions to help pay for roads, sewers, schools and other infrastructure needs backed away from a floor vote and tabled his package for the time being. Senator Cecil Staton’s package (**SB 414/SR682**) was designed to bring residential development to low-growth areas of the state. The required two-thirds Senate vote to pass the constitutional amendment portion of the package was not possible due to opposition by the Democrats. The Democratic caucus opposes such legislation because of their strong anti-business in government business stance.

In addition there was some bi-partisan cooperation, with both parties striving to create the first-ever property owner’s bill of rights. The House stamped virtually unanimous approval on a pair of bills aimed at protecting private property rights in the state in the aftermath of last year’s widely-criticized Kelo decision by the U.S. Supreme Court. The package is a top priority of Governor Sonny Perdue and the top leaders of the Legislature, who promised corrective action shortly after the decision was handed down. Among other things, the bill and constitutional amendment forbid any government from seizing a person’s private property only for the purpose of transferring it to a commercial developer for an enterprise that might expand the local tax base. That was the central issue in the Kelo ruling. The bill also removes the power to condemn property from unelected housing authorities and similar agencies, requiring them to first seek a public, on-the-record vote from their elected governing authority before proceeding. It also specifies due process rights of the landowners whose property a government wishes to seize and provides a new definition of blighted areas. The bill also requires governments which want to seize property to use an independent appraiser and offer a fair price. The government seizing the property also would have to pay the former owner reasonable relocation expenses.

The sessions were short in both houses on the day after “crossover day” with only a handful of bills focusing on social issues on the chambers’ calendars. Off the floors, Republicans and Democrats traded barbs over Monday’s defeat as discussed early of Governor Sonny Perdue’s key initiatives in the House – proposed constitutional amendments aimed at protecting the HOPE scholarship and at allowing faith-based institutions to provide some services now funded by the state.

As discussed earlier, Monday, March 13<sup>th</sup> marked Crossover Day for the 2006 General Assembly. Crossover Day is the last day that a piece of legislation can cross from its chamber of origin to the other. Therefore, after Crossover Day has passed, any bill that has not made it across is dead unless it can be attached to a germane piece of legislation. We will monitor the situation and notify you of any changes throughout the remainder of the legislative process. As of now, this is the Status of the bills that we are following for our industry:

House Bills; **498, 631, 741, 808, 966, 1104, 1362, 1365, 1389, 1447, and 1556** have all failed to make the transition from House to Senate.

- Both of the “Credit Report Freeze bills”, **HB 966 and HB 1389**, are dead unless attached as an amendment to a germane bill in the Senate.

- Also dead is **HB 1356** which restricted title insurance agencies to attorney agencies.
- HB 1447 on prohibiting loans to illegal aliens is also dead.

**HB 1282** (recording of deeds) has passed out of the House and is now in the Senate.

The following bills have passed out of the House, passed out of their Senate committee, and now are in Senate Rules waiting to be moved to the Senate floor:

- **HB 81** (Homestead exemption; un-remarried surviving spouse) and **HB 989** (changing sunset dates).

These Senate Bills have passed out of the Senate and have moved into the House:

- **SB 241** (electronic records/signatures; legal effects), SB 525 (tax executions; provisions regarding issuance), SB 573 (specialized land transactions; withdraw of escrow funds), SB 585 (Title 48 tax executions)

**SB 253** (makes changes to certain provisions relating to requirements for a certificate of permanent location as to mobile homes or manufactured housing) has passed out of the Senate and has moved its way into the House Rules where it waits for further action

**SB 505** passed the Senate with a vote of 45 to 3 and is awaiting action there. This is a bill designed to exempt from the mortgage brokers licensing requirements insurance agents who work for financial institution as defined in the Bank Holding Act of 1956 (which means bank owned) and who are under an exclusive independent contractor agreement with that financial institution. The insurance agent-mortgage broker can only originate loans for this financial institution which is regulated by either OCC or OTS. The subsidiary of the bank or thrift holding company must provide a surety bond equal to the lesser of \$1 million or \$50,000 per exempt person and must provide for full and direct financial responsibility for the mortgage broker activities of each exempted person, and to provide for the education of the exempt persons and the handling of complaints related to the exempt person, and to provide for the supervision of the mortgage broker activities of the exempt persons. The bank of thrift subsidiary must obtain a mortgage broker or mortgage lender license and all loans originated must be negotiated through and made by the licensed subsidiary or its affiliate.

MBAG neither opposed nor supported this bill.

If you have any questions or wish to have copies of any information contained in this legislative update, please contact Richard Raymer, Thomas Shealy, or Mo Thrash at (770) 643-7200.