



MBAAL STATE HOUSE UPDATE

Weekly Recap: 2019 Regular Session *(April 5, 2019)*

From repealing “Common Core” to overhauling Alabama’s prison system, major issues are still on tap in the fledgling 2019 Regular Session, with more topics seemingly added to the list every week. On the banking side, both the House Financial Services Committee and the Senate Fiscal Responsibility and Economic Development Committee favorably reported a substitute of the Future Advance Mortgage Protection Act on Wednesday. The new version of the bill codifies when a future advance mortgage is created and outlines how future advances, whether obligatory or optional, can achieve priority over other potential liens. Candidly, whether the legislation will continue to advance is the subject of much discussion right now, as a week-old Alabama Supreme Court ruling provides the financial services industry with as much certainty in this area of the law – or maybe more –than the legislation.

The following is a brief summary of legislation that might impact Alabama’s financial services industry.

House Bill 101 by **Rep. Kerry Rich (R-Albertville)** and **Senate Bill 54** by **Sen. Shay Shelnett (R-Trussville)** adopts the National Association of Insurance Commissioners’ Insurance Data Security Law. Federal data security regulations already apply to financial institutions, including to those institutions’ insurance-related subsidiaries. To ensure that this legislation did not also apply to those entities, an amendment exempting financial institutions was added to this bill in both the House and Senate. Both the House bill and the Senate bill passed out of their houses of origin this week. The bills now await committee action in the second house.

House Bill 139 by **Rep. K.L. Brown (R-Jacksonville)** would require a lender that holds all or part of a payment for an insurance claim to, upon request by the insured for payment, either issue the payment or provide a detailed notice of why the payment is being withheld and the steps the insured needs to take for the payment to be released. As currently written, the lender would have 10 days to provide information to the insured or risk paying 20 percent interest on any insurance proceeds held by the lender. This legislation is in response to issues that arose in the aftermath of the tornadoes that impacted Jacksonville and the surrounding areas last May. MBAAL is in discussion with the sponsor and other interest groups, such as the Homebuilders Association of Alabama, about the legislation and hopes a compromise can be reached, especially with respect to the timelines and interest rate.



MBAAL STATE HOUSE UPDATE

House Bill 162 by **Rep. Chris Blackshear (R-Phenix City)** and **Senate Bill 127** by **Sen. Shay Shelnett (R-Trussville)** is the Future Advance Mortgage Protection Act. As introduced, the bill would make clear that future advance mortgages are created upon their execution and not, as the state Supreme Court has ruled, when funds are actually advanced. The bill was substituted in a House committee meeting as well as a Senate committee meeting on Wednesday. The substitute version not only provides when a future advance mortgage is created, it also outlines how lien priority is determined for “obligatory” and “optional” advances.

Senate Bill 189 by **Sen. Linda Coleman-Madison (D-Birmingham)** increases the fee to record mortgages from 15 cents to 20 cents per \$100 of indebtedness. The increased revenue would be distributed mostly to the Housing Trust Fund (2 cents) and to the State General Fund (2 cents), with the remaining one cent being distributed equally divided between Probate Judges and the counties. This same proposal has been introduced during the past few sessions and, not surprisingly, has been met with some resistance. MBAAL will certainly keep track of this legislation.

As of the end of the sixth legislative day, representatives and senators have introduced 611 bills – 365 in the House and 246 in the Senate – and 119 resolutions. The 2019 Regular Session can last for no more than thirty legislative days and must end on or before June 17th.

The Legislature will reconvene for its eighth legislative day on April 9
