

BILL ANALYSIS

C.S.S.B. 1577
By: Carona
Financial Institutions
Committee Report (Substituted)

BACKGROUND AND PURPOSE

Under the Mortgage Broker License Act, a person is ineligible for a mortgage broker or loan officer license if the individual has been convicted of certain criminal offenses. However, current law does not place character responsibility or general fitness requirements on license applicants. Because mortgage brokers are engaged in the business of brokering loans on homesteads and other real property, it is important that consumers know that their mortgage broker is not only licensed but also of good character and general fitness to be a mortgage broker.

C.S.S.B. 1577 adds a character responsibility requirement for a mortgage broker or loan officer license and requires licensees to not be in violation of orders issued by the savings and loan commissioner, any commission rule, or any provision of the Mortgage Broker License Act.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.S.B. 1577 amends Section 156.204, Finance Code to include the imposition of a sentence, community supervision, deferred adjudication community supervision, or deferred final disposition within the definition of "convicted," for purposes of determining eligibility for a mortgage broker or loan officer license, or for the renewal of such a license. The bill adds requirements that an applicant satisfy certain moral fitness requirements and not be in violation of any relevant orders of the savings and loan commissioner, statutes, or rules.

The bill amends Section 156.303, Finance Code to add a violation of a commission order to the list of acts or omissions for which the commissioner may order a disciplinary action against a licensee.

EFFECTIVE DATE

September 1, 2003

COMPARISON OF ORIGINAL TO SUBSTITUTE

The substitute clarifies the original's definition of "convicted" to include the receipt of a sentence, community supervision, and deferred adjudication community supervision.