

AN ACT

relating to the exemption of certain persons from regulation as a credit services organization or as mortgage brokers.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 156.202, Finance Code, is amended to read as follows:

Sec. 156.202. EXEMPTIONS. This chapter does not apply to:

(1) any of the following entities or an employee of any of the following entities provided the employee is acting for the benefit of the employer:

(A) a bank, savings bank, or savings and loan association, or a subsidiary or an affiliate of a bank, savings bank, or savings and loan association;

(B) a state or federal credit union;

(C) an insurance company licensed or authorized to do business in this state under the Insurance Code;

(D) a mortgage banker;

(E) an organization that qualifies for an exemption from state franchise and sales tax as a 501(c)(3) organization; ~~or~~

(F) a Farm Credit System institution; or

(G) a political subdivision of this state involved in affordable home ownership programs;

(2) an individual who makes a mortgage loan from the

1 individual's own funds to a spouse, former spouse, or persons in the  
2 lineal line of consanguinity of the individual lending the money;

3 (3) an owner of real property who makes a mortgage loan  
4 to a purchaser of the property for all or part of the purchase price  
5 of the real estate against which the mortgage is secured; or

6 (4) an individual who:

7 (A) makes a mortgage loan from the individual's  
8 own funds;

9 (B) is not an authorized lender under Chapter  
10 342, Finance Code; and

11 (C) does not regularly engage in the business of  
12 making or brokering mortgage loans.

13 SECTION 2. Subsection (a), Section 393.002, Finance Code,  
14 is amended to read as follows:

15 (a) This chapter does not apply to:

16 (1) a person:

17 (A) authorized to make a loan or grant an  
18 extension of consumer credit under the laws of this state or the  
19 United States; and

20 (B) subject to regulation and supervision by this  
21 state or the United States;

22 (2) a lender approved by the United States secretary  
23 of housing and urban development for participation in a mortgage  
24 insurance program under the National Housing Act (12 U.S.C. Section  
25 1701 et seq.);

26 (3) a bank or savings association the deposits or  
27 accounts of which are eligible to be insured by the Federal Deposit

1 Insurance Corporation or a subsidiary of the bank or association;

2 (4) a credit union doing business in this state;

3 (5) a nonprofit organization exempt from taxation  
4 under Section 501(c)(3), Internal Revenue Code of 1986 (26 U.S.C.  
5 Section 501(c)(3));

6 (6) a real estate broker or salesman licensed under  
7 The Real Estate License Act (Article 6573a, Vernon's Texas Civil  
8 Statutes) who is acting within the course and scope of that license;

9 (7) an individual licensed to practice law in this  
10 state who is acting within the course and scope of the individual's  
11 practice as an attorney;

12 (8) a broker-dealer registered with the Securities and  
13 Exchange Commission or the Commodity Futures Trading Commission  
14 acting within the course and scope of that regulation;

15 (9) a consumer reporting agency;

16 (10) a person whose primary business is making loans  
17 secured by liens on real property; ~~or~~

18 (11) a mortgage broker or loan officer licensed under  
19 Chapter 156, Finance Code, who is acting within the course and scope  
20 of that license; or

21 (12) an electronic return originator who:

22 (A) is an authorized Internal Revenue Service  
23 e-file provider; and

24 (B) makes, negotiates, arranges for, or  
25 transacts a loan that is based on a person's federal income tax  
26 refund on behalf of a bank, savings bank, savings and loan  
27 association, or credit union.

1           SECTION 3. This Act takes effect immediately if it receives  
2 a vote of two-thirds of all the members elected to each house, as  
3 provided by Section 39, Article III, Texas Constitution. If this  
4 Act does not receive the vote necessary for immediate effect, this  
5 Act takes effect September 1, 2003.

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President of the Senate

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Speaker of the House

I hereby certify that S.B. No. 324 passed the Senate on March 13, 2003, by the following vote: Yeas 30, Nays 0; and that the Senate concurred in House amendment on May 9, 2003, by a viva-voce vote.

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Secretary of the Senate

I hereby certify that S.B. No. 324 passed the House, with amendment, on May 1, 2003, by a non-record vote.

\_\_\_\_\_  
Chief Clerk of the House

Approved:

\_\_\_\_\_  
Date

\_\_\_\_\_  
Governor