

## **BILL ANALYSIS**

C.S.H.B. 3144  
By: Flynn  
Financial Institutions  
Committee Report (Substituted)

### **BACKGROUND AND PURPOSE**

Current law provides that a provisional mortgage broker license may be issued if there is a delay in processing the application, reviewing information related to the application, or to obtain information related to the application. An expiration date usually varies depending on the extraordinary circumstances that cause the issuance of the provisional license.

C.S.H.B. 3144 creates a statutory provisional loan officer license for individuals who have applied to obtain a loan officer license if the individual meets the requirements for the provisional license.

### **RULEMAKING AUTHORITY**

It is the opinion of the committee that rulemaking authority is expressly granted to the Finance Commission in SECTION 1.

### **ANALYSIS**

C.S.H.B. 3144 amends Subchapter C, Chapter 156, Finance Code, by adding Section 156.2011. C.S.H.B. 3144 allows for an applicant for a loan officer license to be issued a provisional loan officer license if the applicant, during the 20 months immediately preceding the application, has at least 18 months of experience as a loan officer employed by a person exempt under Section 156.202 and meets the qualifications for a loan officer license, other than the educational and examination requirements. C.S.H.B. 3144 requires the commissioner to use best efforts to issue the provisional loan officer license on or before the later of the tenth business day after the date of receipt of a completed application or the second business day after the date of receipt of the criminal background information required under Section 156.206 demonstrating that the applicant has no pending criminal charges and has not been convicted of a criminal offense. C.S.H.B. 3144 specifies that a person is considered convicted of a criminal offense that the commissioner determines directly relates to the occupation of a mortgage broker as provided by Chapter 53, Occupations Code, if a sentence is imposed on the person, the person receives community supervision, including deferred adjudication community supervision, or the court defers final disposition of the person's case. C.S.H.B. 3144 provides that a provisional loan officer license is valid for 90 days after the date the license is issued, except as provided for in subsection (e). Subsection (e) authorizes the commissioner to revoke a provisional loan officer license if the Commissioner discovers that the applicant has made a misrepresentation relating to the applicant's qualifications for loan officer license, and that such a revocation is not subject to appeal. C.S.H.B. 3144 authorizes the Finance Commission to, by rule, impose a fee not to exceed \$100.00 for an expedited issuance of a provisional loan officer license, and that the fee is non-refundable and is in addition to the fee for the application for a regular loan officer license.

C.S.H.B. 3144 amends Sections 156.204(a), (c), and (e), Finance Code. C.S.H.B. 3144 provides that, in order to be licensed as a mortgage broker, a person must provide the commissioner with satisfactory evidence that if the person has not been previously licensed as a mortgage broker or a loan officer under this subchapter, the person has completed 90 classroom hours of education courses approved by the commissioner; or if the person has not been previously licensed as a mortgage broker under this subchapter but has been licensed as a loan officer under this subchapter, the person has successfully completed an additional 30 classroom hours of education courses approved by the commissioner.

C.S.H.B. 3144 provides that to be licensed as a loan officer a person must meet one of the requirements described by Section 156.204 (a) (4) of current code and provide the commissioner with satisfactory evidence that the applicant has successfully completed either sixty classroom hours of education courses approved by the commissioner; or has 18 months of experience as a loan officer as evidenced by documentary proof of full-time employment as a loan officer with a person exempt under Section 156.202 and has successfully completed 30 classroom hours of education courses approved by the commissioner.

C.S.H.B. 3144 provides that the education courses required for a mortgage broker or loan officer license under Subsection (a) (9) or (c) (4) must cover ethics, the Real Estate Settlement Procedures Act of 1974, the Truth in Lending Act, the Equal Credit Opportunity Act, and the provisions of this subchapter.

C.S.H.B. 3144 provides that changes in law made by this act apply only to a loan officer or mortgage broker license for which any part of an application is submitted on or after September 1, 2007.

### **EFFECTIVE DATE**

September 1, 2007.

### **COMPARISON OF ORIGINAL TO SUBSTITUTE**

C.S.H.B. 3144 amends the original to provide that an applicant for a loan officer licensed is permitted to be issued a provisional loan officer license as provided by the bill only if the applicant during the 20 months immediately preceding the application, has at least 18 months of experience as loan officer employed by a person exempt under Section 156.202, and meets the qualifications for a loan officer license, other than the educational requirements. C.S.H.B. 3144 provides that the commissioner use best efforts to issue the provisional loan officer license on or before the later of the tenth business day after the date of receipt of the completed application or the second business day after the date of receipt of the criminal background information required under Section 156.206 demonstrating that the applicant has no pending criminal charges and has not been convicted of a criminal offense. C.S.H.B. 3144 provides that Section 156.206 is to be used for purposes of determining pending criminal charges and an offense.

C.S.H.B. 3144 amends the original to provide that a provisional loan officer license is valid for 90 days after the date the license is issued, except as provided as follows: the commissioner may revoke a provisional loan officer license if the commissioner discovers that the applicant has made a misrepresentation relating to the applicant's qualifications for a loan officer license, has violated this chapter, or does not meet the qualifications for a provisional loan officer license. The substitute provides that the revocation of a provisional loan officer license is not subject to appeal. The substitute provides that the commission, by rule, is authorized to impose a fee not to exceed \$100.00 for an expedited issuance of a provisional loan officer license, and the fee is nonrefundable and is in addition to the fee for the application for a regular loan officer license.