

## **BILL ANALYSIS**

Senate Research Center  
80R4963 ATP-F

S.B. 935  
By: Van de Putte  
Business & Commerce  
3/9/2007  
As Filed

### **AUTHOR'S / SPONSOR'S STATEMENT OF INTENT**

Currently, an employee of a bank is exempt from licensure as a loan officer. However, Primerica, a subsidiary of Citibank, contracts exclusive independent representatives who perform the same functions as a bank employee, but still have to go through the licensing process. These representatives are prohibited from soliciting, processing, negotiating, or placing a mortgage loan with a person other than the registered financial service company for which they work.

As proposed, S.B. 935 exempts from obtaining a license exclusive independent contractors who work for companies defined as a registered financial service company (company). The company, in turn, serves as the mortgage broker and assumes responsibility over the independent contractors. These companies must report to the savings and loan commissioner (commissioner) and satisfy certain criteria in order to be granted licenses based upon the commissioner's findings.

### **RULEMAKING AUTHORITY**

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### **SECTION BY SECTION ANALYSIS**

SECTION 1. Amends Section 156.002, Finance Code, by adding Subdivision (11), to define "registered financial services company."

SECTION 2. Amends Section 156.202, Finance Code, to exempt an individual who is an exclusive agent of a registered financial services company (company) under a written agreement prohibiting the individual from soliciting, processing, negotiating, or placing a mortgage loan with a person other than the company or an affiliate of that company from this chapter (Mortgage Brokers). Makes nonsubstantive changes.

SECTION 3. Amends Subchapter C, Chapter 156, Finance Code, by adding Section 156.214, as follows:

Sec. 156.214. REGISTERED FINANCIAL SERVICES COMPANY. (a) Authorizes a company to perform the services of a mortgage broker as if the company were licensed as a mortgage broker under this chapter, through individuals who are the exclusive agents of the company.

(b) Sets forth the requirements for a person to be eligible to register as a company.

(c) Requires the savings and loan commissioner (commissioner) to issue a registration to a person, if the commissioner determines that the person has met the requirements of Subsection (b). Provides that the registration is valid for one year and is authorized to be renewed on or before its expiration date. Authorizes a person to renew an expired license under Section 156.2081(b).

(d) Provides that a company is subject to Subchapter D (License Revocation and Suspension and Other Actions Against License Holder) and Subchapter E

(Hearings; Judicial Review; Civil Actions; Unlicensed Activity) as if the company were licensed as a mortgage broker.

(e) Requires a company to conduct a criminal background check for each proposed exclusive agent. Prohibits a company from engaging an individual to act as an exclusive agent without the prior consent of the commissioner if the individual has been convicted, pled guilty or nolo contendere in connection with a prosecution for, or agreed to enter into a pretrial diversion or similar program in connection with a prosecution for an offense involving dishonesty, breach of trust, or money laundering based upon the criminal background check.

SECTION 4. Effective date: September 1, 2007.