

## **BILL ANALYSIS**

H.B. 2982

By: Orr

Pensions, Investments & Financial Services  
Committee Report (Unamended)

### **BACKGROUND AND PURPOSE**

The Finance Commission oversees the Department of Banking, the Department of Savings and Mortgage Lending, and the Office of Consumer Credit Commissioner. The Finance Commission includes 9 members: one state banker, one state savings and loan executive, one consumer credit executive, one mortgage broker and five public members, one of whom must be a certified public accountant.

Currently, there are approximately 6,500 individually licensed mortgage bank loan originators but only approximately 3,800 mortgage broker loan originators. Although mortgage bankers and their licensed originators have larger numbers of licensees and compose the largest and vast majority of currently state regulated mortgage loan servicers, there is no mortgage banking representation on the Finance Commission. The number of mortgage brokers licensed peaked in about 2004-2005 at over 29,000 licensees. That population has declined to approximately 3,800 as of the end of February 2011. Additional federal changes that take effect on April 1, 2011 are expected to reduce those numbers even further. It is anticipated that the number of mortgage banker licensees will remain stable or expand as mortgage brokers consolidate with or become employed by mortgage bankers.

HB 2982 will allow the Governor to appoint to the Finance Commission a licensed residential mortgage loan originator who is licensed either as a mortgage banker under Finance Code Chapter 157 or a mortgage broker under Chapter 156.

### **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**

Section 1 of the bill amends Section 11.102 (b) Finance Code by providing that one member of the nine member Finance Commission must be a residential mortgage loan originator licensed under Finance Code Chapter 156 or Finance Code Chapter 157.

Section 2 of the bill amends Finance Code Section 11.102(4) (e) to substitute "residential mortgage loan originator" for the current term "mortgage broker." It defines a residential mortgage loan originator by reference to Section 180.002, Finance Code and deletes the reference to Section 156.002, Finance Code.

The bill provides that a member of the Finance Commission of Texas who is a mortgage broker and serving on the effective date, continues to serve until the expiration of the term for which the member was appointed.

The bill requires the governor to make an appointment to the Finance Commission of Texas as soon as practicable following the expiration of the term of the member described in Subsection (a), or following any vacancy in that position that occurs before the expiration of the term in order to achieve the board composition prescribed by Section 11.102, Finance Code, as amended by this Act.

### **EFFECTIVE DATE**

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2011.