

BILL ANALYSIS

C.S.H.B. 1601
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Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Secure and Fair Enforcement for Mortgage Licensing Act of 2008 regulates the mortgage industry and requires states to license residential mortgage loan originators; in Texas, licensing is overseen and the industry is regulated by the Department of Savings and Mortgage Lending. Interested parties note that current state law establishes multiple individual licenses to practice residential mortgage loan origination and each contain the same required qualifications for licensure, with residential mortgage loan originators employed by mortgage bankers licensed under a different set of provisions than originators employed by mortgage companies. Interested parties contend that this licensing scheme is inefficient and burdensome to both the industry and the regulating agency. Such parties further contend that there are other areas in current law regulating residential mortgage loan originators, residential mortgage loan companies, mortgage bankers, and residential mortgage loan servicers where modification and updates are necessary.

C.S.H.B. 1601 seeks to simplify the mortgage originator licensing process by reducing the multiple individual licenses to one license type for mortgage origination, which would enable a qualified individual to work for either a mortgage company or a mortgage banker so long as the requirements for licensure are met. The bill also seeks to implement other recommended technical changes to better organize and clarify current law regulating such services.

RULEMAKING AUTHORITY

It is the committee's opinion that rulemaking authority is expressly granted to the Finance Commission of Texas in SECTIONS 11, 29, 33, 63, 66, 72, and 85 of this bill.

ANALYSIS

C.S.H.B. 1601 amends the Finance Code to reorganize statutory provisions regulating residential mortgage loan companies and mortgage bankers to consolidate provisions governing the licensing of residential mortgage loan originators and to set out provisions regulating residential mortgage loan origination activities of other financial institutions under the jurisdiction of the Department of Savings and Mortgage Lending.

Residential Mortgage Loan Companies

C.S.H.B. 1601, in statutory provisions regulating the licensing of residential mortgage loan companies, the registration of financial service companies, and the licensing of residential mortgage loan originators, removes and transfers statutory provisions that apply specifically to the licensing of residential mortgage loan originators to the bill's provisions regulating both the registration of mortgage bankers and the licensing of residential mortgage loan originators, and reassigns the statutory provisions that apply to residential mortgage loan companies to the bill's provisions relating to such companies. The bill, in its provisions regulating residential mortgage loan companies, includes in the application requirements for licensure as a credit union subsidiary organization the requirement that an applicant maintain a physical office in Texas. The bill establishes that a sponsored residential mortgage loan originator who has been issued an

independent contractor loan processor or underwriter company license is not authorized to originate residential mortgage loans, and clarifies that statutory provisions regulating secondary market transactions, disclosures to mortgage applicants, affiliated or controlled business arrangements, the adoption of standard forms for preapproved mortgage loans, and fees for services in assisting a mortgage applicant in obtaining a residential mortgage loan apply to a residential mortgage loan originator sponsored by and conducting business for a licensed or registered residential mortgage loan company.

C.S.H.B. 1601 clarifies that the savings and mortgage lending commissioner is required to conduct criminal background and credit history checks on a person required to be licensed as a residential mortgage loan company and removes provisions authorizing this confidential information to be released by the commissioner with the permission of the applicant or to a person through whom the applicant is conducting or will conduct business. The bill authorizes a residential mortgage loan company license to be renewed on or before its expiration date if the residential mortgage loan company continues to meet the minimum requirements for license issuance, among other specified conditions, and requires an application for renewal to be in the form prescribed by the commissioner. The bill prohibits a person whose request to renew a residential mortgage loan company license has been denied from being eligible to be licensed for a period of two years after the date the denial becomes final, or a shorter period as determined by the commissioner after evaluating the specific circumstances of the denial, and authorizes the Finance Commission of Texas to adopt rules providing conditions for which the commissioner may shorten the period of ineligibility.

C.S.H.B. 1601 clarifies that a financial services company is authorized to perform the services of a residential mortgage loan company if the company is registered under provisions regulating residential mortgage loan companies. The bill revises the eligibility requirements for registration as a financial services company to require that a person be a depository institution exempt under the bill's provisions from statutory provisions regulating residential mortgage loan companies and be chartered and regulated by the Office of the Comptroller of the Currency, or be a subsidiary of the institution; provide a business plan satisfactory to the commissioner that sets forth the person's plan to provide education to its sponsored residential mortgage loan originators, handle consumer complaints relating to its sponsored residential mortgage loan originators, and supervise the residential mortgage loan origination activities of its sponsored residential mortgage loan originators; pay a registration fee in an amount capped at \$500; designate an officer of the person to be responsible for the activities of its sponsored residential mortgage loan originators; submit a completed application through the Nationwide Mortgage Licensing System and Registry together with the applicable required fee; obtain preapproval from the commissioner that the person meets the eligibility requirements for registration as a financial services company; and not be in violation of statutory provisions regulating residential mortgage loan companies, a rule adopted under those provisions, or any order previously issued by the commissioner to the applicant. The bill specifies that the annual renewal requirement for such a registration is met by meeting the preceding requirements and paying a renewal fee in an amount capped at \$500.

C.S.H.B. 1601 extends the commissioner's authority, under specified circumstances, to conduct inspections and investigate certain actions and records to the inspection and investigation of a person licensed under statutory provisions regulating residential mortgage loan companies or of a licensed residential mortgage loan originator who is sponsored by and conducting business for a licensed or registered residential mortgage loan company. The bill authorizes the commissioner to require reimbursement of expenses for each examiner for on-site examination or investigation of a licensed residential mortgage loan company if records are located out of state or if the review is considered necessary beyond the routine examination process, and requires the finance commission by rule to set the maximum amount for the reimbursement of such expenses. The bill clarifies conditions under which the commissioner is authorized to order disciplinary action against a licensed or registered residential mortgage loan company upon determination of the company's failure within a reasonable time to honor the commissioner's request for payment,

including payment of any applicable fees, and authorizes the commissioner to rescind or vacate any previously issued disciplinary order at the commissioner's discretion.

C.S.H.B. 1601 clarifies that a person, unless otherwise exempt, who conducts activities regulated under provisions governing residential mortgage loan companies without first obtaining a residential mortgage loan company license, registration as a financial services company, or residential mortgage loan originator license, as applicable, commits a Class B misdemeanor offense and that a second or subsequent conviction for such an offense is a Class A misdemeanor.

C.S.H.B. 1601 prohibits an application for the recovery of actual damages from the recovery fund used to reimburse residential mortgage loan applicants for certain out-of-pocket losses incurred due to acts committed by a residential mortgage loan originator from being filed after the fourth anniversary, rather than the second anniversary, of the date of the alleged act or omission causing the actual damages or the date the act or omission should reasonably have been discovered.

Mortgage Bankers and Residential Mortgage Loan Originators

C.S.H.B. 1601 includes among the requirements for registration as a mortgage banker the requirement that the mortgage banker not be in violation of statutory provisions regulating the registration of mortgage bankers, a rule adopted under those provisions, or any order previously issued by the savings and mortgage lending commissioner to the applicant, and requires a mortgage banker to update information contained in the registration not later than the 10th day, rather than the 30th day, after the date the information changes. The bill authorizes the commissioner, after review of the circumstances, to revoke the mortgage banker's registration if the mortgage banker has had a license, registration, or other certification revoked by a state or federal regulatory authority, and applies to such a mortgage banker certain statutory provisions entitling the mortgage banker to a hearing upon the commissioner's proposal to revoke the mortgage banker's registration.

C.S.H.B. 1601 requires the mortgage industry advisory committee to advise and assist the commissioner with respect to statutory provisions regulating mortgage bankers and residential mortgage loan originators, and clarifies that the commissioner has the authority to remove a member of that committee if the member does not maintain the qualifications required to be a member of the committee, rather than if the member does not have such qualifications at the time of appointment to the committee. The bill clarifies that the committee is required to advise the commissioner on the proposal and adoption of rules relating to the mortgage industry in general, rather than restricting such advice to rules relating to licensing, education and experience requirements for licensing, and the conduct and ethics of residential mortgage loan originators, and includes in the topics for which the committee advises the commissioner the form of or format for documents under the bill's provisions relating to mortgage bankers and residential mortgage loan originators and the interpretation, implementation, and enforcement of those provisions.

C.S.H.B. 1601, in statutory provisions prohibiting an individual from acting or attempting to act in the capacity of a residential mortgage loan originator unless certain conditions are met, provides an exception for an individual who is exempt from residential mortgage loan originator requirements as prescribed by the bill, or an individual who is sponsored by an appropriate company, which the bill defines as an entity that is licensed or registered under statutory provisions regulating mortgage bankers and residential mortgage loan originators or residential mortgage loan companies, and for which the individual is acting as a residential mortgage loan originator.

C.S.H.B. 1601 raises from \$375 to \$500 the cap on the application fee that the commissioner has the authority to determine for an application for a residential mortgage loan originator license.

The bill additionally exempts from residential mortgage loan originator requirements any owner of residential real estate who in any 12-consecutive-month period makes no more than five residential mortgage loans to purchasers of the property for all or part of the purchase price of the residential real estate against which the mortgage is secured and exempts an individual who in that period originates five or fewer closed residential mortgage loans exclusively for a single federally chartered depository institution and closes the loans within that period; who is contractually prohibited from soliciting, processing, negotiating, or placing a residential mortgage loan with a person other than the depository institution; and who is sponsored by a life insurance company, or an affiliate of the company, authorized to engage in business in Texas.

C.S.H.B. 1601 establishes that a person is considered to have been convicted of a criminal offense if a sentence is imposed on the person; the person received probation or community supervision, including deferred adjudication or community service; or the court deferred final disposition of the person's case. The bill applies statutory provisions prescribing criminal and other background checks for residential mortgage loan companies and residential mortgage loan originators to the bill's provisions regulating the registration of mortgage bankers and licensing of mortgage loan originators.

C.S.H.B. 1601 authorizes the commissioner to issue a conditional residential mortgage loan originator license and requires the finance commission by rule to adopt reasonable terms and conditions for the conditional license. The bill clarifies that a residential mortgage loan originator license is valid through December 31 of the year of issuance and authorizes the license's renewal on or before its expiration date if the residential mortgage loan originator pays to the commissioner a renewal fee in an amount determined by the commissioner not to exceed \$500 and the recovery fund fee, continues to meet the minimum requirements for license issuance, and provides the commissioner with satisfactory evidence that the residential mortgage loan originator has attended continuing education courses during the term of the current license that are in accordance with applicable statutory requirements.

C.S.H.B. 1601 requires an application for renewal to be in the form prescribed by the commissioner, and authorizes the commissioner to conduct a background check on receipt of a request for a renewal of a residential mortgage loan originator license. The bill establishes that a renewal fee is not refundable, prohibits such a fee from being credited or applied to any other fee or indebtedness owed by the person paying the fee, and authorizes the commissioner to collect a fee in an amount not to exceed \$50 for any returned check or credit card charge back relating to a renewal fee for a residential mortgage loan originator license. The bill prohibits a person whose residential mortgage loan originator license has expired from engaging in activities that require a license until the license has been reinstated or a new license has been issued, and establishes that a person whose application for or request to renew a license has been denied is not eligible to be licensed for a period of two years after the date the denial becomes final, or a shorter period as determined by the commissioner after evaluating the specific circumstances of the denial. The bill authorizes the finance commission to adopt rules to provide conditions for which the commissioner may shorten the period of ineligibility.

C.S.H.B. 1601 requires the commissioner to administer and enforce its provisions relating to the licensing of residential mortgage loan originators and the disclosures and requirements related to such licensing.

C.S.H.B. 1601, in provisions prescribing the commissioner's authority with respect to ensuring that the operations of mortgage bankers acting as residential mortgage loan servicers or residential mortgage loan servicers are compliant, clarifies that the commissioner or the commissioner's designee is authorized to participate in multi-state mortgage examinations as scheduled by either the Conference of State Bank Supervisors Multi-State Mortgage Committee or by the Consumer Financial Protection Bureau in accordance with the protocol for such examinations.

C.S.H.B. 1601 removes provisions prescribing an offense for a person who is an employee of a mortgage banker, is not exempt under statutory provisions relating to the registration of mortgage bankers, and acts as a residential loan originator without first obtaining a required license. The bill clarifies that a person who is not exempt under provisions regulating mortgage bankers and residential mortgage loan originators or other applicable law and who acts as a residential mortgage loan originator without first obtaining the required license commits a Class B misdemeanor offense and that a second or subsequent conviction for such an offense is a Class A misdemeanor. The bill establishes that all compensation received by a residential mortgage loan originator during a period of suspension is subject to forfeiture.

C.S.H.B. 1601 authorizes the commissioner, in the commissioner's discretion, to rescind or vacate any previously issued revocation order on the license of a residential mortgage loan originator.

C.S.H.B. 1601 requires an applicant for a residential mortgage loan originator license to complete any additional requirements established by the applicable regulatory official and adopted by rule of the rulemaking authority, in addition to completing education courses that include at least the minimum number of hours and type of courses required by the S.A.F.E. Mortgage Licensing Act and the minimum number of hours of training related to lending standards for the nontraditional mortgage product marketplace required by that act.

Repealed Provisions

C.S.H.B. 1601 repeals provisions relating to the credit union commissioner's duties with respect to the licensure of certain mortgage loan originators and to the regulation of credit union subsidiary organizations who act as residential mortgage loan originators and relating to establishing when a residential mortgage loan originator is considered to have completed the performance of the residential mortgage loan originator's services for a mortgage applicant.

C.S.H.B. 1601 repeals the following provisions of the Finance Code:

- Section 15.4024
- Section 156.2015
- Section 156.205
- Section 156.405
- Sections 156.101(a-1) and (a-2)
- Section 156.102(b)
- Sections 156.201(b), (b-1), and (b-2)
- Section 156.202(c)
- Section 156.203(c)
- Section 156.2041(b)
- Section 156.2042(b)
- Section 156.2043(b)
- Section 156.2044(c)
- Section 156.2045
- Section 156.206(a)
- Sections 156.207(b), (c), and (d)
- Section 156.2081(c)

- Sections 156.208(b-1), (b-2) and (j)
- Section 157.003(f), Finance Code, as added by Chapter 655 (S.B. 1124), Acts of the 82nd Legislature, Regular Session, 2011
- Section 157.012(d)
- Section 157.015(b)
- Section 180.251(b)

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1601 may differ from the original in minor or nonsubstantive ways, the following comparison is organized and highlighted in a manner that indicates the substantial differences between the introduced and committee substitute versions of the bill.

INTRODUCED	HOUSE COMMITTEE SUBSTITUTE
SECTION 1. The heading to Chapter 156, Finance Code, is amended.	SECTION 1. Same as introduced version.
SECTION 2. Section 156.001, Finance Code, is amended.	SECTION 2. Same as introduced version.
SECTION 3. Section 156.002, Finance Code, is amended.	SECTION 3. Substantially same as introduced version.
No equivalent provision.	SECTION 4. Section 156.003, Finance Code, is amended to read as follows: Sec. 156.003. SECONDARY MARKET TRANSACTIONS. This chapter does not prohibit a residential mortgage loan originator <u>sponsored by and conducting business for a licensed or registered residential mortgage loan company under this chapter</u> from receiving compensation from a party other than the mortgage applicant for the sale, transfer, assignment, or release of rights on the closing of a mortgage transaction.
No equivalent provision.	SECTION 5. Section 156.004(a), Finance Code, is amended to read as follows: (a) At the time an applicant submits an application to a residential mortgage loan originator <u>sponsored by and conducting business for a licensed or registered residential mortgage loan company under this chapter</u> , the

residential mortgage loan originator shall provide to the applicant a disclosure that specifies:

- (1) the nature of the relationship between the applicant and the residential mortgage loan originator;
- (2) the duties the residential mortgage loan originator has to the applicant; and
- (3) how the residential mortgage loan originator will be compensated.

No equivalent provision.

SECTION 6. Section 156.005, Finance Code, is amended to read as follows:

Sec. 156.005. **AFFILIATED BUSINESS ARRANGEMENTS.** Unless prohibited by federal or state law, this chapter may not be construed to prevent affiliated or controlled business arrangements or loan origination services by or between residential mortgage loan originators, sponsored by and conducting business for a licensed or registered residential mortgage loan company under this chapter, and other professionals if the residential mortgage loan originator complies with all applicable federal and state laws permitting those arrangements or services.

SECTION 4. The heading to Section 156.101, Finance Code, is amended.

SECTION 7. Same as introduced version.

SECTION 5. Section 156.101(a), Finance Code, as amended by Chapters 1104 (H.B. 10) and 1317 (H.B. 2774), Acts of the 81st Legislature, Regular Session, 2009, is reenacted and amended.

SECTION 8. Same as introduced version.

SECTION 6. Section 156.102(a), Finance Code, is amended.

SECTION 9. Same as introduced version.

SECTION 7. Section 156.104(h), Finance Code, is amended to read as follows:

SECTION 10. Sections 156.104(f) and (h), Finance Code, are amended to read as follows:

(f) The commissioner may remove a member of the advisory committee if:

(1) the member does not maintain [~~have at the time of appointment~~] the qualifications required by Subsection (b); or

(2) the commissioner determines that the member cannot discharge the member's duties for a substantial part of the term for which the member is appointed.

(h) In addition to other powers and duties

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delegated to the advisory committee by the commissioner, the advisory committee shall advise the commissioner with respect to:

(1) the proposal and adoption of rules relating to [;

~~[(A) the licensing of [residential mortgage loan originators or] residential mortgage loan companies[;~~

~~[(B) the education and experience requirements for licensing residential mortgage loan originators; and~~

~~[(C) the conduct and ethics of residential mortgage loan originators];~~

(2) the form of or format for any applications or other documents under this chapter; and

(3) the interpretation, implementation, and enforcement of this chapter.

No equivalent provision.

SECTION 8. The heading to Subchapter C, Chapter 156, Finance Code, is amended.

SECTION 9. Section 156.201(c), Finance Code, is amended.

SECTION 10. Sections 156.202(a) and (a-1), Finance Code, are amended to read as follows:

(a) In this section, "depository institution[;]" has ~~["dwelling," "federal banking agency," and "immediate family member" have]~~ the meaning [meanings] assigned by Section 180.002.

(a-1) The following ~~[individuals or]~~ entities[; and employees of those entities when acting

delegated to the advisory committee by the commissioner, the advisory committee shall advise the commissioner with respect to:

(1) the proposal and adoption of rules relating to the mortgage industry[;

~~[(A) the licensing of residential mortgage loan originators or residential mortgage loan companies;~~

~~[(B) the education and experience requirements for licensing residential mortgage loan originators; and~~

~~[(C) the conduct and ethics of residential mortgage loan originators];~~

(2) the form of or format for any applications or other documents under this chapter or Chapter 157; and

(3) the interpretation, implementation, and enforcement of this chapter and Chapter 157.

SECTION 11. Section 156.105, Finance Code, is amended to read as follows:

Sec. 156.105. STANDARD FORMS. (a) The finance commission[;] by rule[;] shall adopt one or more standard forms for use by a residential mortgage loan originator sponsored by and conducting business for a licensed or registered residential mortgage loan company under this chapter in representing that an applicant for a residential mortgage loan is preapproved or has prequalified for the loan.

(b) The finance commission shall adopt rules requiring a residential mortgage loan originator licensed under Chapter 157 ~~[this chapter]~~ to use the forms adopted by the finance commission under Subsection (a).

SECTION 12. Same as introduced version.

SECTION 13. Substantially same as introduced version.

SECTION 14. Sections 156.202(a) and (a-1), Finance Code, are amended to read as follows:

(a) In this section, "depository institution," "dwelling," and "federal banking agency" ~~[and "immediate family member"]~~ have the meanings assigned by Section 180.002.

(a-1) The following ~~[individuals or]~~ entities[; and employees of those entities when acting for

~~for the benefit of those entities,] are exempt from this chapter:~~

(1) ~~[a registered mortgage loan originator when acting for:~~

~~[(A) a depository institution;~~

~~[(B) a subsidiary of a depository institution that is:~~

~~[(i) owned and controlled by the depository institution; and~~

~~[(ii) regulated by a federal banking agency; or~~

~~[(C) an institution regulated by the Farm Credit Administration;~~

~~[(2) an individual who offers or negotiates the terms of a residential mortgage loan with or on behalf of an immediate family member of the individual;~~

~~[(3) a licensed attorney who negotiates the terms of a residential mortgage loan on behalf of a client as an ancillary matter to the attorney's representation of the client, unless the attorney:~~

~~[(A) takes a residential mortgage loan application; and~~

~~[(B) offers or negotiates the terms of a residential mortgage loan;~~

~~[(4) an individual who offers or negotiates terms of a residential mortgage loan secured by a dwelling that serves as the individual's residence;~~

~~[(5)] a nonprofit organization providing self-help housing that originates zero interest residential mortgage loans for borrowers who have provided part of the labor to construct the dwelling securing the loan;~~

~~(2) [(6)] a mortgage banker registered under Chapter 157;~~

~~(3) [(7)] any owner of residential real estate who in any 12-consecutive-month period makes no more than five residential mortgage loans to purchasers of the property for all or part of the purchase price of the residential real estate against which the mortgage is secured;~~

~~and~~

~~(4) [(8)] an entity that is:~~

~~(A) a depository institution;~~

~~(B) a subsidiary of a depository institution that is:~~

~~(i) owned and controlled by the depository institution; and~~

~~(ii) regulated by a federal banking agency; or~~

~~(C) an institution regulated by the Farm Credit Administration[; and~~

~~[(9) an individual who is exempt as provided by Section 180.003(b)].~~

~~the benefit of those entities,] are exempt from this chapter:~~

(1) ~~[a registered mortgage loan originator when acting for:~~

~~[(A) a depository institution;~~

~~[(B) a subsidiary of a depository institution that is:~~

~~[(i) owned and controlled by the depository institution; and~~

~~[(ii) regulated by a federal banking agency; or~~

~~[(C) an institution regulated by the Farm Credit Administration;~~

~~[(2) an individual who offers or negotiates the terms of a residential mortgage loan with or on behalf of an immediate family member of the individual;~~

~~[(3) a licensed attorney who negotiates the terms of a residential mortgage loan on behalf of a client as an ancillary matter to the attorney's representation of the client, unless the attorney:~~

~~[(A) takes a residential mortgage loan application; and~~

~~[(B) offers or negotiates the terms of a residential mortgage loan;~~

~~[(4) an individual who offers or negotiates terms of a residential mortgage loan secured by a dwelling that serves as the individual's residence;~~

~~[(5)] a nonprofit organization providing self-help housing that originates zero interest residential mortgage loans for borrowers who have provided part of the labor to construct the dwelling securing the loan;~~

~~(2) [(6)] a mortgage banker registered under Chapter 157;~~

~~(3) [(7)] any owner of residential real estate who in any 12-consecutive-month period makes no more than five residential mortgage loans to purchasers of the property for all or part of the purchase price of the residential real estate against which the mortgage is secured;~~

~~and~~

~~(4) [(8)] an entity that is:~~

~~(A) a depository institution;~~

~~(B) a subsidiary of a depository institution that is:~~

~~(i) owned and controlled by the depository institution; and~~

~~(ii) regulated by a federal banking agency; or~~

~~(C) an institution regulated by the Farm Credit Administration[; and~~

~~[(9) an individual who is exempt as provided by Section 180.003(b)].~~

No equivalent provision.

SECTION 15. The heading to Section 156.203, Finance Code, is amended to read as follows:

Sec. 156.203. APPLICATION [~~FOR A LICENSE~~]; FEES.

SECTION 11. Section 156.203(a-1), Finance Code, is amended.

SECTION 16. Substantially same as introduced version.

SECTION 12. The heading to Section 156.2041, Finance Code, is amended.

SECTION 17. Same as introduced version.

SECTION 13. Section 156.2041(a), Finance Code, is amended.

SECTION 18. Same as introduced version.

SECTION 14. The heading to Section 156.2042, Finance Code, is amended.

SECTION 19. Same as introduced version.

SECTION 15. Section 156.2042(a), Finance Code, is amended.

SECTION 20. Same as introduced version.

SECTION 16. The heading to Section 156.2043, Finance Code, is amended.

SECTION 21. Same as introduced version.

SECTION 17. Section 156.2043(a), Finance Code, is amended.

SECTION 22. Same as introduced version.

SECTION 18. The heading to Section 156.2044, Finance Code, is amended.

SECTION 23. Same as introduced version.

SECTION 19. Sections 156.2044(a) and (b), Finance Code, are amended.

SECTION 24. Same as introduced version.

SECTION 20. The heading to Section 156.2045, Finance Code, is amended to read as follows:

No equivalent provision.

Sec. 156.2045. QUALIFICATIONS AND REQUIREMENTS FOR REGISTRATION AND LICENSE: FINANCIAL SERVICES COMPANY [~~AND EXCLUSIVE AGENTS~~].

SECTION 21. Section 156.2046, Finance Code, is amended.

SECTION 25. Same as introduced version.

SECTION 22. Section 156.206(b), Finance Code, is amended to read as follows:

(b) The commissioner shall conduct criminal background and credit history checks on a person required to be licensed under this chapter [~~in accordance with Section 180.054, and, in connection with each application for a residential mortgage loan originator license or other individual license, the commissioner may conduct a criminal background check through the Department of Public Safety].~~

SECTION 23. The heading to Section 156.207, Finance Code, is amended.

SECTION 24. Section 156.208(a-1), Finance Code, is amended to read as follows:

(a-1) A residential mortgage loan company license issued under this chapter is valid through December 31 of the year of issuance and may be renewed on or before its expiration date if the residential mortgage loan company:

- (1) pays to the commissioner a renewal fee in an amount determined by the commissioner not to exceed \$375; [~~and~~]
- (2) has not shown a pattern or practice of abusive mortgage activity and has no civil judgments or liens that, in the commissioner's opinion, directly impact the ability of the residential mortgage loan company to conduct business while safeguarding and protecting the public interest; and
- (3) continues to meet the minimum requirements for license issuance.

SECTION 26. Sections 156.206(b) and (c), Finance Code, are amended to read as follows:

(b) The commissioner shall conduct criminal background and credit history checks on a person required to be licensed under this chapter [~~in accordance with Section 180.054, and, in connection with each application for a residential mortgage loan originator license or other individual license, the commissioner may conduct a criminal background check through the Department of Public Safety].~~

(c) The commissioner shall keep confidential any background information obtained under this section and may not release or disclose the information unless:

- (1) the information is a public record at the time the commissioner obtains the information; or
- (2) the commissioner releases the information:
 - (A) under order from a court; or
 - (B) [with the permission of the applicant;
 - ~~(C) to a person through whom the applicant is conducting or will conduct business; or~~
 - ~~(D) to a governmental agency.~~

SECTION 27. Same as introduced version.

SECTION 28. Sections 156.208(a-1) and (c), Finance Code, are amended to read as follows:

(a-1) A residential mortgage loan company license issued under this chapter is valid through December 31 of the year of issuance and may be renewed on or before its expiration date if the residential mortgage loan company:

- (1) pays to the commissioner a renewal fee in an amount determined by the commissioner not to exceed \$375; [~~and~~]
- (2) has not shown a pattern or practice of abusive mortgage activity and has no civil judgments or liens that, in the commissioner's opinion, directly impact the ability of the residential mortgage loan company to conduct business while safeguarding and protecting the public interest; and
- (3) continues to meet the minimum requirements for license issuance.

(c) An application for renewal shall be in the [~~The commissioner may require residential mortgage loan originators to submit requests for renewal on a~~] form prescribed by the

commissioner.

SECTION 25. Section 156.209(g), Finance Code, is amended.

SECTION 29. Same as introduced version.

SECTION 26. Sections 156.211(b) and (b-1), Finance Code, are amended.

SECTION 30. Same as introduced version.

SECTION 27. Section 156.213(a), Finance Code, is amended.

SECTION 31. Same as introduced version.

SECTION 28. Section 156.214(b), Finance Code, is amended to read as follows:

SECTION 32. Section 156.214, Finance Code, is redesignated as Section 156.2012, Finance Code, and amended to read as follows:

Sec. 156.2012 [156.214]. REGISTERED FINANCIAL SERVICES COMPANY. (a) A [registered] financial services company may perform the services of a [another] residential mortgage loan company [as] if the company is registered [were licensed as a residential mortgage loan company] under this chapter[, through individuals who are the exclusive agents of the registered financial services company].

(b) To be eligible to register as a registered financial services company, a person must:

(b) To be eligible to register as a registered financial services company, a person must:

(1) be a depository institution exempt from this chapter under Section 156.202(a-1)(4)(A) [156.202(a-1)(8)(A)] and chartered and regulated by the Office of Thrift Supervision or the Office of the Comptroller of the Currency, or be a subsidiary of the institution;

(1) be a depository institution exempt from this chapter under Section 156.202(a-1)(4)(A) [156.202(a-1)(8)(A)] and chartered and regulated by [the Office of Thrift Supervision or] the Office of the Comptroller of the Currency, or be a subsidiary of the institution;

(2) provide the commissioner with satisfactory evidence of an undertaking of accountability in a form acceptable to the commissioner, supported by a surety bond equal to \$1 million to cover the person's responsibility for residential mortgage loan company activities of each exclusive agent;

(2) [provide the commissioner with satisfactory evidence of an undertaking of accountability in a form acceptable to the commissioner, supported by a surety bond equal to \$1 million to cover the person's responsibility for residential mortgage loan company activities of each exclusive agent;

(3) provide a business plan satisfactory to the commissioner that sets forth the person's plan to provide education to its exclusive agents, handle consumer complaints relating to its exclusive agents, and supervise the residential mortgage loan origination activities of its exclusive agents;

[(3)] provide a business plan satisfactory to the commissioner that sets forth the person's plan to:

(A) provide education to its sponsored residential mortgage loan originators;

(B) [exclusive agents,] handle consumer complaints relating to its sponsored residential mortgage loan originators; and

(C) [exclusive agents, and] supervise the residential mortgage loan origination activities of its sponsored residential mortgage loan originators [exclusive agents];

(4) pay an annual registration fee in an amount determined as follows:

(A) if the registered financial services company has 2,000 or fewer exclusive agents acting in this state, an amount equal to the lesser of:

(i) one-half of the license fee for a residential mortgage loan originator under Section 157.013(b)(1) [156.203(c)(1)], multiplied by the number of exclusive agents under contract to act for the person in this state; or

(ii) \$200,000;

(B) if the registered financial services company has at least 2,001 but not more than 2,500 exclusive agents acting in this state, \$225,000;

(C) if the registered financial services company has at least 2,501 but not more than 3,000 exclusive agents acting in this state, \$250,000;

(D) if the registered financial services company has at least 3,001 but not more than 5,000 exclusive agents acting in this state, \$300,000; or

(E) if the registered financial services company has at least 5,001 exclusive agents acting in this state, \$350,000; and

(5) designate an officer of the person to be responsible for the activities of the exclusive agents.

(3) [(4)] pay a [an annual] registration fee in an amount not to exceed \$500 [determined as follows]:

[(A) if the registered financial services company has 2,000 or fewer exclusive agents acting in this state, an amount equal to the lesser of:

[(i) one half of the license fee for a residential mortgage loan originator under Section 156.203(c)(1), multiplied by the number of exclusive agents under contract to act for the person in this state; or

[(ii) \$200,000;

[(B) if the registered financial services company has at least 2,001 but not more than 2,500 exclusive agents acting in this state, \$225,000;

[(C) if the registered financial services company has at least 2,501 but not more than 3,000 exclusive agents acting in this state, \$250,000;

[(D) if the registered financial services company has at least 3,001 but not more than 5,000 exclusive agents acting in this state, \$300,000; or

[(E) if the registered financial services company has at least 5,001 exclusive agents acting in this state, \$350,000]; [and]

(4) [(5)] designate an officer of the person to be responsible for the activities of its sponsored residential mortgage loan originators;

(5) submit a completed application through the Nationwide Mortgage Licensing System and Registry together with the applicable fee required by Subdivision (3) or Subsection (c);

(6) obtain preapproval from the commissioner that the person meets the eligibility requirements for registration as a financial services company; and

(7) not be in violation of this chapter, a rule adopted under this chapter, or any order previously issued by the commissioner to the applicant [the exclusive agents].

(c) If the commissioner determines that a person has met the requirements of Subsection (b) [and Section 156.2045(a)], the commissioner shall issue a registration to the person. The registration is valid for one year, expires on December 31 of each year, and must be renewed annually by meeting the requirements under Subsection (b) and paying a renewal fee in an amount not to exceed \$500. A person must renew an expired registration in the manner determined by the commissioner.

(d) A registered financial services company is

subject to Subchapters D and E as if the company were licensed as a residential mortgage loan company.

SECTION 29. Section 156.301(h), Finance Code, is amended to read as follows:

No equivalent provision.

No equivalent provision.

No equivalent provision.

SECTION 33. Sections 156.301(a), (b), (c), and (h), Finance Code, are amended to read as follows:

(a) The commissioner may conduct inspections of a person licensed under this chapter or a residential mortgage loan originator who is licensed under Chapter 157 and sponsored by and conducting business for a licensed or registered residential mortgage loan company under this chapter as the commissioner determines necessary to determine whether the person or the residential mortgage loan originator is complying with this chapter and applicable rules. The inspections may include inspection of the books, records, documents, operations, and facilities of the person or the residential mortgage loan originator and access to any documents required under rules adopted under this chapter. The commissioner may share evidence of criminal activity gathered during an inspection or investigation with any state or federal law enforcement agency.

(b) On the signed written complaint of a person, the commissioner shall investigate the actions and records of a person licensed under this chapter or a residential mortgage loan originator who is licensed under Chapter 157 and sponsored by and conducting business for a licensed or registered residential mortgage loan company under this chapter if the complaint, or the complaint and documentary or other evidence presented in connection with the complaint, provides reasonable cause. The commissioner, before commencing an investigation, shall notify the [a] residential mortgage loan company or the residential mortgage loan originator in writing of the complaint and that the commissioner intends to investigate the matter.

(c) For reasonable cause, the commissioner at any time may investigate a person licensed under this chapter or a residential mortgage loan originator who is licensed under Chapter 157 and sponsored by and conducting business for a licensed or registered residential mortgage loan company under this chapter to determine

whether the person or the residential mortgage loan originator is complying with this chapter and applicable rules.

(h) The commissioner may require reimbursement of expenses ~~[in an amount not to exceed \$325]~~ for each examiner ~~[a day]~~ for on-site examination or investigation of a licensed residential mortgage loan company if records are located out of state or if the review is considered necessary beyond the routine examination process.

(h) The commissioner may require reimbursement of expenses ~~[in an amount not to exceed \$325]~~ for each examiner ~~[a day]~~ for on-site examination or investigation of a license holder [residential mortgage loan company] if records are located out of state or if the review is considered necessary beyond the routine examination process. The finance commission by rule shall set the maximum amount for the reimbursement of expenses authorized under this subsection.

SECTION 30. Sections 156.303(a), (a-1), (g), and (i), Finance Code, are amended to read as follows:

(a) The commissioner may order disciplinary action against a licensed or registered residential mortgage loan company ~~[or a licensed residential mortgage loan originator]~~ when the commissioner, after notice and opportunity for hearing, has determined that the company [person]:

(1) obtained a license or registration, including a renewal of a license or registration, under this chapter through a false or fraudulent representation or made a material misrepresentation in an application for a license or registration or for the renewal of a license or registration under this chapter;

(2) published or caused to be published an advertisement related to the business of a residential mortgage loan company ~~[or residential mortgage loan originator]~~ that:

(A) is misleading;

(B) is likely to deceive the public;

(C) in any manner tends to create a misleading impression;

(D) fails to identify as a residential mortgage loan company ~~[or residential mortgage loan originator]~~ the person causing the advertisement to be published; or

(E) violates federal or state law;

(3) while performing an act for which a license or registration under this chapter is required, engaged in conduct that constitutes improper, fraudulent, or dishonest dealings;

(4) entered a plea of guilty or nolo contendere to, or is convicted of, a criminal offense that is a felony or that involves fraud or moral

SECTION 34. Section 156.303, Finance Code, is amended by amending Subsections (a), (a-1), (g), and (i) and adding Subsection (k) to read as follows:

(a) The commissioner may order disciplinary action against a licensed or registered residential mortgage loan company ~~[or a licensed residential mortgage loan originator]~~ when the commissioner, after notice and opportunity for hearing, has determined that the company [person]:

(1) obtained a license or registration, including a renewal of a license or registration, under this chapter through a false or fraudulent representation or made a material misrepresentation in an application for a license or registration or for the renewal of a license or registration under this chapter;

(2) published or caused to be published an advertisement related to the business of a residential mortgage loan company ~~[or residential mortgage loan originator]~~ that:

(A) is misleading;

(B) is likely to deceive the public;

(C) in any manner tends to create a misleading impression;

(D) fails to identify as a residential mortgage loan company ~~[or residential mortgage loan originator]~~ the person causing the advertisement to be published; or

(E) violates federal or state law;

(3) while performing an act for which a license or registration under this chapter is required, engaged in conduct that constitutes improper, fraudulent, or dishonest dealings;

(4) entered a plea of guilty or nolo contendere to, or is convicted of, a criminal offense that is a felony or that involves fraud or moral

turpitude in a court of this or another state or in a federal court;

(5) failed to use a fee collected in advance of closing of a residential mortgage loan for a purpose for which the fee was paid;

(6) charged or received, directly or indirectly, a fee for assisting a mortgage applicant in obtaining a residential mortgage loan before all of the services that the person agreed to perform for the mortgage applicant are completed, and the proceeds of the residential mortgage loan have been disbursed to or on behalf of the mortgage applicant[, ~~except as provided by Section 156.304~~];

(7) failed within a reasonable time to honor a check issued to the commissioner after the commissioner has mailed a request for payment ~~of the check and~~ any applicable fees ~~by certified mail~~ to the person's last known business address as reflected by the commissioner's records;

(8) paid compensation to a person who is not licensed, registered, or exempt under this chapter or Chapter 157 for acts for which a license or registration under this chapter or Chapter 157 is required;

(9) induced or attempted to induce a party to a contract to breach the contract so the person may make a residential mortgage loan;

(10) published or circulated an unjustified or unwarranted threat of legal proceedings in matters related to the person's actions or services as a residential mortgage loan company [~~or residential mortgage loan originator, as applicable~~];

(11) established an association, by employment or otherwise, with a person not licensed, registered, or exempt under this chapter or Chapter 157 who was expected or required to act as a residential mortgage loan company or residential mortgage loan originator;

(12) aided, abetted, or conspired with a person to circumvent the requirements of this chapter or Subchapter C, Chapter 157;

(13) acted in the dual capacity of a residential mortgage loan company [~~or residential mortgage loan originator~~] and real estate broker, salesperson, or attorney in a transaction without the knowledge and written consent of the mortgage applicant or in violation of applicable requirements under federal law;

(14) discriminated against a prospective borrower on the basis of race, color, religion,

turpitude in a court of this or another state or in a federal court;

(5) failed to use a fee collected in advance of closing of a residential mortgage loan for a purpose for which the fee was paid;

(6) charged or received, directly or indirectly, a fee for assisting a mortgage applicant in obtaining a residential mortgage loan before all of the services that the person agreed to perform for the mortgage applicant are completed, and the proceeds of the residential mortgage loan have been disbursed to or on behalf of the mortgage applicant[, ~~except as provided by Section 156.304~~];

(7) failed within a reasonable time to honor ~~a~~ credit card charge back or a check issued to the commissioner after the commissioner has mailed a request for payment, including ~~payment of [of the check and]~~ any applicable fees, ~~[by certified mail]~~ to the person's last known business address as reflected by the commissioner's records;

(8) paid compensation to a person who is not licensed, registered, or exempt under this chapter or Chapter 157 for acts for which a license or registration under this chapter or Chapter 157 is required;

(9) induced or attempted to induce a party to a contract to breach the contract so the person may make a residential mortgage loan;

(10) published or circulated an unjustified or unwarranted threat of legal proceedings in matters related to the person's actions or services as a residential mortgage loan company [~~or residential mortgage loan originator, as applicable~~];

(11) established an association, by employment or otherwise, with a person not licensed, registered, or exempt under this chapter or Chapter 157 who was expected or required to act as a residential mortgage loan company or residential mortgage loan originator;

(12) aided, abetted, or conspired with a person to circumvent the requirements of this chapter or Subchapter D, Chapter 157;

(13) acted in the dual capacity of a residential mortgage loan company [~~or residential mortgage loan originator~~] and real estate broker, salesperson, or attorney in a transaction without the knowledge and written consent of the mortgage applicant or in violation of applicable requirements under federal law;

(14) discriminated against a prospective borrower on the basis of race, color, religion,

sex, national origin, ancestry, familial status, or a disability;

(15) failed or refused on demand to:

(A) produce a document, book, or record concerning a residential mortgage loan transaction conducted by a ~~the~~ residential mortgage loan originator for inspection by the commissioner or the commissioner's authorized personnel or representative;

(B) give the commissioner or the commissioner's authorized personnel or representative free access to the books or records relating to the person's business kept by an officer, agent, or employee of the person or any business entity through which the person conducts residential mortgage loan origination activities, including a subsidiary or holding company affiliate; or

(C) provide information requested by the commissioner as a result of a formal or informal complaint made to the commissioner;

(16) failed without just cause to surrender, on demand, a copy of a document or other instrument coming into the person's possession that was provided to the person by another person making the demand or that the person making the demand is under law entitled to receive;

(17) disregarded or violated this chapter, a rule adopted by the finance commission under this chapter, or an order issued by the commissioner under this chapter; or

(18) provided false information to the commissioner during the course of an investigation or inspection.

(a-1) The commissioner may also order disciplinary action after notice and opportunity for hearing against a licensed or registered residential mortgage loan company ~~[or a licensed residential mortgage loan originator]~~ if the commissioner becomes aware during the term of the license of any fact that would have been grounds for denial of an original license if the fact had been known by the commissioner on the date the license was issued.

(g) If a person fails to pay an administrative penalty that has become final or fails to comply with an order of the commissioner that has become final, in addition to any other remedy provided under law the commissioner, on not less than 10 days' notice to the person, may without a prior hearing suspend the person's residential mortgage loan company license or registration ~~[or residential mortgage loan originator license]~~. The suspension shall

sex, national origin, ancestry, familial status, or a disability;

(15) failed or refused on demand to:

(A) produce a document, book, or record concerning a residential mortgage loan transaction conducted by a ~~the~~ residential mortgage loan originator for inspection by the commissioner or the commissioner's authorized personnel or representative;

(B) give the commissioner or the commissioner's authorized personnel or representative free access to the books or records relating to the person's business kept by an officer, agent, or employee of the person or any business entity through which the person conducts residential mortgage loan origination activities, including a subsidiary or holding company affiliate; or

(C) provide information requested by the commissioner as a result of a formal or informal complaint made to the commissioner;

(16) failed without just cause to surrender, on demand, a copy of a document or other instrument coming into the person's possession that was provided to the person by another person making the demand or that the person making the demand is under law entitled to receive;

(17) disregarded or violated this chapter, a rule adopted by the finance commission under this chapter, or an order issued by the commissioner under this chapter; or

(18) provided false information to the commissioner during the course of an investigation or inspection.

(a-1) The commissioner may also order disciplinary action after notice and opportunity for hearing against a licensed or registered residential mortgage loan company ~~[or a licensed residential mortgage loan originator]~~ if the commissioner becomes aware during the term of the license of any fact that would have been grounds for denial of an original license if the fact had been known by the commissioner on the date the license was issued.

(g) If a person fails to pay an administrative penalty that has become final or fails to comply with an order of the commissioner that has become final, in addition to any other remedy provided under law the commissioner, on not less than 10 days' notice to the person, may without a prior hearing suspend the person's residential mortgage loan company license or registration ~~[or residential mortgage loan originator license]~~. The suspension shall

continue until the person has complied with the order or paid the administrative penalty.

~~[During the period of suspension, the person may not originate a residential mortgage loan and all compensation received by the person during the period of suspension is subject to forfeiture as provided by Section 156.406(b).]~~

(i) An order revoking the license or registration of a residential mortgage loan company ~~[or the license of a residential mortgage loan originator]~~ may provide that the person is prohibited, without obtaining prior written consent of the commissioner, from:

(1) engaging in the business of originating or making residential mortgage loans; or

(2) ~~[being an employee, officer, director, manager, shareholder, member, agent, contractor, or processor of a residential mortgage loan company or residential mortgage loan originator; or~~

~~[(3)]~~ otherwise affiliating with a person for the purpose of engaging in the business of originating or making residential mortgage loans.

No equivalent provision.

SECTION 31. Section 156.305, Finance Code, is amended.

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continue until the person has complied with the order or paid the administrative penalty.

~~During the period of suspension, the person may not originate a residential mortgage loan and all compensation received by the person during the period of suspension is subject to forfeiture as provided by Section 156.406(b).~~

(i) An order revoking the license or registration of a residential mortgage loan company ~~[or the license of a residential mortgage loan originator]~~ may provide that the person is prohibited, without obtaining prior written consent of the commissioner, from:

(1) engaging in the business of originating or making residential mortgage loans; or

(2) ~~[being an employee, officer, director, manager, shareholder, member, agent, contractor, or processor of a residential mortgage loan company or residential mortgage loan originator; or~~

~~[(3)]~~ otherwise affiliating with a person for the purpose of engaging in the business of originating or making residential mortgage loans.

~~(k) The commissioner may, at the commissioner's discretion, rescind or vacate any previously issued order.~~

SECTION 35. Section 156.304(a), Finance Code, is amended to read as follows:

(a) Before the completion of all services to be performed, a residential mortgage loan originator sponsored by and conducting business for a licensed or registered residential mortgage loan company under this chapter may charge and receive, unless prohibited by law, the following fees for services in assisting a mortgage applicant to obtain a residential mortgage loan:

(1) a fee to obtain a credit report;

(2) a fee for the appraisal of the real estate;

(3) a fee for processing a residential mortgage loan application;

(4) a fee for taking a residential mortgage loan application;

(5) a fee for automated underwriting;

(6) a fee for a courier service;

(7) a fee to issue a loan commitment; or

(8) subject to Subsection (b), a fee for locking in an interest rate.

SECTION 36. Same as introduced version.

13.107.1048

SECTION 32. Section 156.401(d), Finance Code, is amended.

No equivalent provision.

SECTION 33. The heading to Subchapter F, Chapter 156, Finance Code, is amended.

SECTION 34. Section 156.501(b), Finance Code, is amended to read as follows:

(b) Subject to this subsection, the recovery fund shall be used to reimburse residential mortgage loan applicants for actual damages incurred because of acts committed by a residential mortgage loan originator who was licensed ~~[under this chapter or]~~ under Chapter 157 when the act was committed. The use of the fund is limited to reimbursement for out-of-pocket losses caused by an act by[:

~~[(1) a residential mortgage loan originator licensed under this chapter that constitutes a violation of Section 156.303(a)(2), (3), (5), (6), (8), (9), (10), (11), (12), (13), or (16) or 156.304; or~~

~~[(2) a residential mortgage loan originator licensed under Chapter 157 that constitutes a violation of Section 157.024(a)(2), (3), (5), (7), (8), (9), (10), (13), [or] (16), (17), or (18) or 157.02014(b).~~

No equivalent provision.

SECTION 37. Same as introduced version.

SECTION 38. Section 156.406(a), Finance Code, is amended to read as follows:

(a) A person, unless otherwise exempt, commits an offense if the person conducts regulated activities under this chapter without first obtaining a license or registration as required by Section 156.201, 156.2012, or 157.012, as applicable. ~~[A person who is not exempt under this chapter and who acts as a residential mortgage loan originator without first obtaining a license required under this chapter commits an offense.]~~ An offense under this subsection is a Class B misdemeanor. A second or subsequent conviction for an offense under this subsection shall be punished as a Class A misdemeanor.

SECTION 39. Same as introduced version.

SECTION 40. Section 156.501(b), Finance Code, is amended to read as follows:

(b) Subject to this subsection, the recovery fund shall be used to reimburse residential mortgage loan applicants for actual damages incurred because of acts committed by a residential mortgage loan originator who was licensed ~~[under this chapter or]~~ under Chapter 157 when the act was committed. The use of the fund is limited to reimbursement for out-of-pocket losses caused by an act by[:

~~[(1) a residential mortgage loan originator licensed under this chapter that constitutes a violation of Section 156.303(a)(2), (3), (5), (6), (8), (9), (10), (11), (12), (13), or (16) or 156.304; or~~

~~[(2) a residential mortgage loan originator licensed under Chapter 157 that constitutes a violation of Section 157.024(a)(2), (3), (5), (7), (8), (9), (10), (13), [or] (16), (17), or (18) or 156.304(b).~~

SECTION 41. Section 156.502(a), Finance Code, is amended to read as follows:

(a) On an application for an original license or for renewal of a license issued under Chapter

157 [this chapter], the applicant, in addition to paying the original application fee or renewal fee, shall pay a fee in an amount determined by the commissioner, not to exceed \$20. The fee shall be deposited in the recovery fund.

SECTION 35. Section 156.503(a), Finance Code, is amended.

SECTION 42. Same as introduced version.

SECTION 36. Section 156.504(b), Finance Code, is amended to read as follows:

(b) The residential mortgage loan applicant is required to show:

(1) that the applicant's claim is based on facts allowing recovery under Section 156.501; and

(2) that the applicant:

(A) is not a spouse of the licensed residential mortgage loan originator;

(B) is not a child, parent, grandchild, grandparent, or sibling, including relationships by adoption, of the licensed residential mortgage loan originator;

(C) is not a person sharing living quarters with the licensed residential mortgage loan originator or a current or former employer, employee, or associate of the licensed residential mortgage loan originator;

(D) is not a person who has aided, abetted, or participated other than as a victim with the licensed residential mortgage loan originator in any activity that is illegal under [~~Section 156.303(a)(2), (3), (5), (6), (8), (9), (10), (11), (12), (13), or (16), Section 156.304, or~~] Section 157.024(a)(2), (3), (5), (7), (8), (9), (10), (13), [~~or~~] (16), (17), or (18) or 157.02014(b), or is not the personal representative of a licensed residential mortgage loan originator; and

(E) is not licensed as a residential mortgage loan originator under Chapter 157 [this chapter] who is seeking to recover any compensation in the transaction or transactions for which the application for payment is made.

SECTION 43. Section 156.504(b), Finance Code, is amended to read as follows:

(b) The residential mortgage loan applicant is required to show:

(1) that the applicant's claim is based on facts allowing recovery under Section 156.501; and

(2) that the applicant:

(A) is not a spouse of the licensed residential mortgage loan originator;

(B) is not a child, parent, grandchild, grandparent, or sibling, including relationships by adoption, of the licensed residential mortgage loan originator;

(C) is not a person sharing living quarters with the licensed residential mortgage loan originator or a current or former employer, employee, or associate of the licensed residential mortgage loan originator;

(D) is not a person who has aided, abetted, or participated other than as a victim with the licensed residential mortgage loan originator in any activity that is illegal under [~~Section 156.303(a)(2), (3), (5), (6), (8), (9), (10), (11), (12), (13), or (16), Section 156.304, or~~] Section 157.024(a)(2), (3), (5), (7), (8), (9), (10), (13), [~~or~~] (16), (17), or (18) or 156.304(b), or is not the personal representative of a licensed residential mortgage loan originator; and

(E) is not licensed as a residential mortgage loan originator under Chapter 157 [this chapter] who is seeking to recover any compensation in the transaction or transactions for which the application for payment is made.

SECTION 37. Section 156.505(b), Finance Code, is amended.

SECTION 44. Same as introduced version.

SECTION 38. Sections 156.506(a), (c), and (d), Finance Code, are amended to read as follows:

(a) The commissioner may revoke or suspend a license issued under this chapter on proof that

SECTION 45. Sections 156.506(a), (c), and (d), Finance Code, are amended to read as follows:

(a) The commissioner may revoke or suspend a license issued under Chapter 157 [this

the commissioner has made a payment from the recovery fund of any amount toward satisfaction of a claim against a residential mortgage loan originator under Chapter 157 [~~this chapter~~].

(c) A person on whose behalf payment was made from the recovery fund is not eligible to receive a new license or have a suspension lifted under this chapter or Chapter 157 until the person has repaid in full, plus interest at the current legal rate, the amount paid from the fund on the person's behalf and any costs associated with investigating and processing the claim against the fund or with collection of reimbursement for payments from the fund.

(d) This section does not limit the authority of the commissioner to take disciplinary action against a residential mortgage loan originator for a violation of Chapter 157 [~~this chapter~~] or the rules adopted by the finance commission under that [~~this~~] chapter. The repayment in full to the recovery fund of all obligations of a residential mortgage loan originator does not nullify or modify the effect of any other disciplinary proceeding brought under Chapter 157 [~~this chapter~~].

SECTION 39. The heading to Chapter 157, Finance Code, is amended to read as follows:

CHAPTER 157. REGISTRATION OF MORTGAGE BANKERS AND LICENSING OF RESIDENTIAL MORTGAGE LOAN ORIGINATORS

SECTION 40. Sections 157.001 and 157.002, Finance Code, are designated as Subchapter A, Chapter 157, Finance Code, and a heading is added to that subchapter.

SECTION 41. Section 157.002, Finance Code, is amended.

SECTION 42. Sections 157.003, 157.004, 157.005, 157.006, 157.0061, 157.0062, 157.007, 157.008, 157.009, and 157.010, Finance Code, are designated as Subchapter B, Chapter 157, Finance Code, and a heading is added to that subchapter to read as follows:

SUBCHAPTER B. REGISTRATION OF MORTGAGE BANKERS

~~chapter~~ on proof that the commissioner has made a payment from the recovery fund of any amount toward satisfaction of a claim against a residential mortgage loan originator under Chapter 157 [~~this chapter~~].

(c) A person on whose behalf payment was made from the recovery fund is not eligible to receive a new license or have a suspension lifted under this chapter or Chapter 157 until the person has repaid in full, plus interest at the current legal rate, the amount paid from the fund on the person's behalf and any costs associated with investigating and processing the claim against the fund or with collection of reimbursement for payments from the fund.

(d) This section does not limit the authority of the commissioner to take disciplinary action against a residential mortgage loan originator for a violation of Chapter 157 [~~this chapter~~] or the rules adopted by the finance commission under that [~~this~~] chapter. The repayment in full to the recovery fund of all obligations of a residential mortgage loan originator does not nullify or modify the effect of any other disciplinary proceeding brought under Chapter 157 [~~this chapter~~].

SECTION 46. The heading to Chapter 157, Finance Code, is amended to read as follows:

CHAPTER 157. ~~[REGISTRATION OF]~~ MORTGAGE BANKERS AND RESIDENTIAL MORTGAGE LOAN ORIGINATORS

SECTION 47. Same as introduced version.

SECTION 48. Same as introduced version.

SECTION 50. Same as introduced version.

No equivalent provision.

SECTION 49. Chapter 157, Finance Code, is amended by adding Subchapter B to read as follows:

SUBCHAPTER B. ADMINISTRATIVE PROVISIONS

Sec. 157.0024. MORTGAGE INDUSTRY ADVISORY COMMITTEE. The mortgage industry advisory committee shall advise and assist the commissioner with respect to this chapter as provided by Section 156.104.

SECTION 43. Section 157.003(b), Finance Code, is amended.

SECTION 51. Same as introduced version.

No equivalent provision.

SECTION 52. Section 157.004, Finance Code, is amended to read as follows:

Sec. 157.004. EXEMPTIONS. This chapter does not apply to:

- (1) a federally insured bank, savings bank, savings and loan association, Farm Credit System Institution, or credit union;
- (2) a subsidiary of a federally insured bank, savings bank, savings and loan association, Farm Credit System Institution, or credit union;
- (3) a residential mortgage loan company licensed ~~[person licensed as a mortgage broker]~~ under Chapter 156;
- (4) an authorized lender licensed under Chapter 342; or
- (5) the state or a governmental agency, political subdivision, or other instrumentality of the state, or an employee of the state or a governmental agency, political subdivision, or instrumentality of the state who is acting within the scope of the person's employment.

SECTION 44. Section 157.005, Finance Code, is amended.

SECTION 53. Same as introduced version.

No equivalent provision.

SECTION 54. Sections 157.007 and 157.008, Finance Code, are transferred to Subchapter B, Chapter 157, Finance Code, as added by this Act, and redesignated as Sections 157.0021 and 157.0022, Finance Code, to read as follows:

Sec. 157.0021 ~~[157.007]~~. DISCLOSURE STATEMENT. (a) A mortgage banker that is a residential mortgage loan originator shall include a notice to a residential mortgage loan applicant with an application for a residential mortgage loan. The finance commission by rule shall adopt a standard disclosure form to

be used by the mortgage banker. The form must:

(1) include the name, address, and toll-free telephone number for the Department of Savings and Mortgage Lending;

(2) contain information on how to file a complaint or recovery fund claim; and

(3) prescribe a method for proof of delivery to the consumer.

(b) A mortgage banker that indicates in its registration that it acts as a residential mortgage loan servicer shall provide to the borrower of each residential mortgage loan it services the following notice not later than the 30th day after the date the mortgage banker commences servicing the loan:

"COMPLAINTS REGARDING THE SERVICING OF YOUR MORTGAGE SHOULD BE SENT TO THE DEPARTMENT OF SAVINGS AND MORTGAGE LENDING,

_____ (street address of the Department of Savings and Mortgage Lending). A TOLL-FREE

CONSUMER HOTLINE IS AVAILABLE AT _____ (telephone number of the Department of Savings and Mortgage Lending's toll-free consumer hotline)."

Sec. 157.0022 [~~157.008~~]. COMPLAINTS. (a) If the Department of Savings and Mortgage Lending receives a signed written complaint from a person concerning a mortgage banker, the commissioner shall notify the representative designated by the mortgage banker under Section 157.003(b) in writing of the complaint and provide a copy of the complaint to the representative.

(b) The commissioner may request documentary and other evidence considered by the commissioner as necessary to effectively evaluate the complaint, including correspondence, loan documents, and disclosures. A mortgage banker shall promptly provide any evidence requested by the commissioner.

(c) The commissioner may require the mortgage banker to resolve the complaint or to provide the commissioner with a response to the complaint. The commissioner may direct the mortgage banker in writing to take specific action to resolve the complaint.

SECTION 45. Section 157.009, Finance Code, is amended by adding Subsection (d-1) and amending Subsection (e) to read as follows:

SECTION 55. Section 157.009, Finance Code, is amended by adding Subsection (d-1) and amending Subsection (e) to read as follows:

(d-1) The commissioner, after review of the circumstances, may revoke the registration of a mortgage banker if the mortgage banker has had a license, registration, or other certification revoked in another state by a state or federal regulatory authority.

(e) If the commissioner proposes to revoke a registration under Subsection (c), ~~or~~ (d), or (d-1), the mortgage banker is entitled to a hearing before the commissioner or a hearings officer, who shall propose a decision to the commissioner. The commissioner or hearings officer shall prescribe the time and place of the hearing. The hearing is governed by Chapter 2001, Government Code.

SECTION 46. Section 157.011, Finance Code, is transferred to Subchapter A, Chapter 157, Finance Code, as added by this Act, and redesignated as Section 157.0021, Finance Code.

SECTION 47. Sections 157.012, 157.013, 157.014, 157.015, 157.016, 157.017, 157.019, 157.020, and 157.0201, Finance Code, are designated as Subchapter C, Chapter 157, Finance Code, and a heading is added to that subchapter.

SECTION 48. The heading to Section 157.012, Finance Code, is amended.

SECTION 49. Section 157.012, Finance Code, is amended by amending Subsections (a) and (c) and adding Subsections (a-1), (a-2), (e), and (f) to read as follows:

(a) Except as provided by Subsection (a-1), an individual ~~[An employee of a mortgage banker]~~ may not act in the capacity of a residential mortgage loan originator unless the individual is exempt under Section 157.0121 or [employee]:

(1) is licensed under this chapter, sponsored by an appropriate company ~~[a registered mortgage banker]~~, and enrolled with the Nationwide Mortgage Licensing System and Registry as required by Section 180.052; and

(2) complies with other applicable requirements of Chapter 180 and rules adopted by the finance commission under that chapter.

(a-1) Unless exempt under Section 180.003(b),

(d-1) The commissioner, after review of the circumstances, may revoke the registration of a mortgage banker if the mortgage banker has had a license, registration, or other certification revoked by a state or federal regulatory authority.

(e) If the commissioner proposes to revoke a registration under Subsection (c), ~~or~~ (d), or (d-1), the mortgage banker is entitled to a hearing before the commissioner or a hearings officer, who shall propose a decision to the commissioner. The commissioner or hearings officer shall prescribe the time and place of the hearing. The hearing is governed by Chapter 2001, Government Code.

SECTION 56. Substantially same as introduced version.

SECTION 57. Same as introduced version.

SECTION 58. Same as introduced version.

SECTION 59. Section 157.012, Finance Code, is amended by amending Subsections (a) and (c) and adding Subsection (e) to read as follows:

(a) An individual ~~[An employee of a mortgage banker]~~ may not act or attempt to act in the capacity of a residential mortgage loan originator unless the individual is exempt under Section 157.0121 or 180.003(b) or [employee]:

(1) is licensed under this chapter, sponsored by an appropriate entity ~~[a registered mortgage banker]~~, and enrolled with the Nationwide Mortgage Licensing System and Registry as required by Section 180.052; and

(2) complies with other applicable requirements of Chapter 180 and rules adopted by the finance commission under that chapter.

an exclusive agent of a registered financial services company may not act or attempt to act as a residential mortgage loan originator unless the exclusive agent at the time is licensed under this chapter and sponsored by an appropriate company.

(a-2) A residential mortgage loan originator must be sponsored by at least one mortgage banker or residential mortgage loan company.

(c) To be eligible to be licensed as a residential mortgage loan originator, the individual [~~an employee of a mortgage banker~~], in addition to meeting the requirements of Subsection (a), must:

(1) satisfy the commissioner as to the individual's [~~employee's~~] good moral character, including the individual's [~~employee's~~] honesty, trustworthiness, and integrity;

(2) not be in violation of this chapter, Chapter 180, or any rules adopted under this chapter or Chapter 180;

(3) provide the commissioner with satisfactory evidence that the individual [~~employee~~] meets the qualifications provided by Chapter 180; and

(4) be a citizen of the United States or a lawfully admitted alien.

(e) A licensed residential mortgage loan originator who is no longer acting in that capacity for the originator's sponsoring banker or company during the licensing period may continue to originate loans under this chapter without reapplying for a new license if the originator is sponsored by an appropriate company.

(f) In this section, "appropriate **company**" means a company:

(1) that is a registered mortgage banker under this chapter or a licensed or registered residential mortgage loan company under Chapter 156; and

(2) for which the individual is acting as a residential mortgage loan originator.

SECTION 50. Subchapter C, Chapter 157, Finance Code, as added by this Act, is amended by adding Section 157.0121.

SECTION 51. Section 157.013, Finance Code, is amended.

SECTION 52. Subchapter C, Chapter 157,

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(c) To be eligible to be licensed as a residential mortgage loan originator, the individual [~~an employee of a mortgage banker~~], in addition to meeting the requirements of Subsection (a), must:

(1) satisfy the commissioner as to the individual's [~~employee's~~] good moral character, including the individual's [~~employee's~~] honesty, trustworthiness, and integrity;

(2) not be in violation of this chapter, Chapter 180, or any rules adopted under this chapter or Chapter 180;

(3) provide the commissioner with satisfactory evidence that the individual [~~employee~~] meets the qualifications provided by Chapter 180; and

(4) be a citizen of the United States or a lawfully admitted alien.

(e) In this section, "appropriate **entity**" means an entity:

(1) that is licensed or registered under this chapter or Chapter 156; and

(2) for which the individual is acting as a residential mortgage loan originator.

SECTION 60. Substantially same as introduced version.

SECTION 61. Same as introduced version.

SECTION 62. Subchapter D, Chapter 157,

13.107.1048

Finance Code, as added by this Act, is amended by adding Sections 157.0131, 157.0132, and 157.0133 to read as follows:

Sec. 157.0131. FINANCIAL REQUIREMENTS. (a) In this section, "financial services company" has the meaning assigned by Section 156.002.

(b) Except as provided by Subsection (c), financial requirements for holding a residential mortgage loan originator license shall be met through participation in the recovery fund.

(c) An exclusive agent of a financial services company meets the agent's financial requirements for holding a residential mortgage loan originator license by obtaining surety bond coverage in an amount equal to \$1 million.

Sec. 157.0132. CONVICTION OF OFFENSE.

Sec. 157.0133. CRIMINAL AND OTHER BACKGROUND CHECKS. (a) On receipt of an application for a residential mortgage loan originator license, the commissioner shall, at a minimum, conduct a criminal background and credit history check of the applicant.

(b) The commissioner shall conduct criminal background and credit history checks in accordance with Section 180.054, and, in connection with each application for a residential mortgage loan originator license or other individual license, the commissioner may conduct a criminal background check through the Department of Public Safety.

(c) The commissioner shall keep confidential any background information obtained under this section and may not release or disclose the information unless:

(1) the information is a public record at the time the commissioner obtains the information;

or

(2) the commissioner releases the information:

(A) under order from a court;

(B) with the permission of the applicant;

(C) to a person through whom the applicant is conducting or will conduct business; or

(D) to a governmental agency.

(d) Notwithstanding Subsection (c), criminal history record information obtained from the Federal Bureau of Investigation may be released or disclosed only to a governmental entity or as authorized by federal statute, federal rule, or federal executive order.

Finance Code, as added by this Act, is amended by adding Sections 157.0131 and 157.0132 to read as follows:

No equivalent provision.

Sec. 157.0131. CONVICTION OF OFFENSE.

Sec. 157.0132. CRIMINAL AND OTHER BACKGROUND CHECKS. (a) On receipt of an application for a residential mortgage loan originator license, the commissioner shall, at a minimum, conduct a criminal background and credit history check of the applicant.

(b) The commissioner shall conduct criminal background and credit history checks in accordance with Section 180.054, and, in connection with each application for a residential mortgage loan originator license or other individual license, the commissioner may conduct a criminal background check through the Department of Public Safety.

(c) The commissioner shall keep confidential any background information obtained under this section and may not release or disclose the information unless:

(1) the information is a public record at the time the commissioner obtains the information;

or

(2) the commissioner releases the information:

(A) under order from a court; or

(B) to a governmental agency.

(d) Notwithstanding Subsection (c), criminal history record information obtained from the Federal Bureau of Investigation may be released or disclosed only to a governmental entity or as authorized by federal statute, federal rule, or federal executive order.

SECTION 53. Subchapter C, Chapter 157, Finance Code, as added by this Act, is amended by adding Section 157.0141.

SECTION 54. Section 157.015, Finance Code, is amended by amending Subsections (a), (b), (c), and (d) and adding Subsections (d-1) and (h) to read as follows:

(a) ~~Except as provided by Subsection (b), a residential mortgage loan originator license issued under this chapter is valid through December 31 of the year of issuance and may be renewed on or before its expiration date if the residential mortgage loan originator:~~

(1) pays to the commissioner a renewal fee in an amount determined by the commissioner not to exceed \$500 and a recovery fund fee as provided by Section 156.502;

(2) continues to meet the minimum requirements for license issuance; and

(3) provides the commissioner with satisfactory evidence that the residential mortgage loan originator has attended, during the term of the current license, continuing education courses in accordance with the applicable requirements of Chapter 180. [A residential mortgage loan originator license issued under this chapter is valid for one year and may be renewed on or before its expiration date.]

~~(b) A license issued under this chapter to a registered financial services company's exclusive agent is valid through December 31 of the year of issuance and may be renewed on or before the expiration date if the exclusive agent complies with the requirements of Subsections (a)(2) and (3). In this subsection, registered financial services company has the meaning assigned by Section 156.002. [Each residential mortgage loan originator license will be renewed for not more than a one-year period expiring December 31 of each calendar year.]~~

~~(c) An application for renewal of a residential mortgage loan originator license shall meet the requirements of Section 157.013(a) [157.013].~~

(d) On receipt of a request for a renewal of a license issued under this subchapter, the commissioner may conduct a criminal background check under Section 157.0133. [An application for renewal of a residential

SECTION 63. Substantially same as introduced version.

SECTION 64. Section 157.015, Finance Code, is amended by amending Subsections (a), (c), (d), and (g) and adding Subsections (d-1) and (h) to read as follows:

(a) A residential mortgage loan originator license issued under this chapter is valid through December 31 of the year of issuance and may be renewed on or before its expiration date if the residential mortgage loan originator:

(1) pays to the commissioner a renewal fee in an amount determined by the commissioner not to exceed \$500 and a recovery fund fee as provided by Section 156.502;

(2) continues to meet the minimum requirements for license issuance; and

(3) provides the commissioner with satisfactory evidence that the residential mortgage loan originator has attended, during the term of the current license, continuing education courses in accordance with the applicable requirements of Chapter 180. [A residential mortgage loan originator license issued under this chapter is valid for one year and may be renewed on or before its expiration date.]

~~(c) An application for renewal of a residential mortgage loan originator license shall be in the form prescribed by the commissioner [meet the requirements of Section 157.013].~~

(d) On receipt of a request for a renewal of a license issued under this subchapter, the commissioner may conduct a criminal background check under Section 157.0132. [An application for renewal of a residential

~~mortgage loan originator license must meet all of the standards and qualifications for license renewal under Chapter 180.]~~

(d-1) A renewal fee is not refundable and may not be credited or applied to any other fee or indebtedness owed by the person paying the fee.

(h) In addition to the disciplinary action by the commissioner authorized under Section 157.024(a)(6), the commissioner may collect a fee in an amount not to exceed \$50 for any returned check or credit card charge back.

No equivalent provision.

SECTION 55. Section 157.017(g), Finance Code, is amended.

SECTION 56. The heading to Section 157.019, Finance Code, is amended.

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~~mortgage loan originator license must meet all of the standards and qualifications for license renewal under Chapter 180.]~~

(d-1) A renewal fee is not refundable and may not be credited or applied to any other fee or indebtedness owed by the person paying the fee.

(g) The commissioner may deny the renewal application for a residential mortgage loan originator license if:

(1) the person seeking the renewal of the residential mortgage loan originator license is in violation of this chapter, Chapter 156, or Chapter 180, an applicable rule adopted under this chapter, Chapter 156, or Chapter 180, or any order previously issued to the person by the commissioner;

(2) the person seeking renewal of the residential mortgage loan originator license is in default in the payment of any administrative penalty, fee, charge, or other indebtedness owed under this title;

(3) the person seeking the renewal of the residential mortgage loan originator license is in default on a student loan administered by the Texas Guaranteed Student Loan Corporation, under Section 57.491, Education Code; or

(4) during the current term of the license, the commissioner becomes aware of any fact that would have been grounds for denial of an original license if the fact had been known by the commissioner on the date the license was granted.

(h) In addition to the disciplinary action by the commissioner authorized under Section 157.024(a)(6), the commissioner may collect a fee in an amount not to exceed \$50 for any returned check or credit card charge back.

SECTION 65. Section 157.016(a), Finance Code, is amended to read as follows:

(a) A person whose residential mortgage loan originator license has expired may not engage in activities that require a license until the license has been reinstated or a new license has been issued [renewed].

SECTION 66. Same as introduced version.

SECTION 67. Same as introduced version.

13.107.1048

SECTION 57. Section 157.019, Finance Code, is amended by amending Subsection (c) and adding Subsections (d) and (e) to read as follows:

(c) When the sponsorship of a residential mortgage loan originator is terminated, the residential mortgage loan originator or the registered mortgage banker or residential mortgage loan company that had been sponsoring the originator shall immediately notify the commissioner. The residential mortgage loan originator's license then becomes inactive. The residential mortgage loan originator license may be activated if, before the license expires, a registered mortgage banker or licensed or registered residential mortgage loan company files a request, accompanied by a \$25 fee, notifying the commissioner that the banker or company will sponsor the residential mortgage loan originator and will assume responsibility for the actions of the residential mortgage loan originator. [A mortgage banker employee who is a residential mortgage loan originator shall notify the commissioner or authorized designee in writing of a change of sponsorship. The notice must be accompanied by a fee of \$25.]

(d) A residential mortgage loan originator may not conduct business under any assumed name that is not the registered assumed name of a residential mortgage loan company sponsoring the originator.

(e) A fee under this section is not refundable and may not be credited or applied to any other fee or indebtedness owed by the person paying the fee.

SECTION 58. Section 157.020, Finance Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) Each licensed residential mortgage loan originator, as required by the commissioner, shall file a mortgage call report with the commissioner or the commissioner's authorized designee on a form prescribed by the commissioner or authorized designee. The report:

SECTION 68. Section 157.019, Finance Code, is amended by amending Subsections (a) and (c) and adding Subsections (d) and (e) to read as follows:

(a) ~~Before the 10th day preceding the effective date of an address change, [a mortgage banker employee who is] a residential mortgage loan originator shall notify the commissioner or authorized designee in writing of the new address.~~

(c) When the sponsorship of a residential mortgage loan originator is terminated, the residential mortgage loan originator or the former sponsoring entity licensed or registered under this chapter or Chapter 156 shall immediately notify the commissioner. The residential mortgage loan originator's license then becomes inactive. The residential mortgage loan originator license may be activated if, before the license expires, an entity licensed or registered under this chapter or Chapter 156 files a request, accompanied by a \$25 fee, notifying the commissioner that the entity will sponsor the residential mortgage loan originator and will assume responsibility for the actions of the residential mortgage loan originator. [A mortgage banker employee who is a residential mortgage loan originator shall notify the commissioner or authorized designee in writing of a change of sponsorship. The notice must be accompanied by a fee of \$25.]

(d) A residential mortgage loan originator may not conduct business under any assumed name that is not the registered assumed name of the entity licensed or registered under this chapter or Chapter 156 that is sponsoring the originator.

(e) A fee under this section is not refundable and may not be credited or applied to any other fee or indebtedness owed by the person paying the fee.

SECTION 69. Section 157.020, Finance Code, is amended by adding Subsection (a-1) to read as follows:

(a-1) A licensed residential mortgage loan originator, as required by the commissioner, shall file a mortgage call report with the commissioner or the commissioner's authorized designee on a form prescribed by the commissioner or authorized designee. The report:

(1) is a statement of condition of the residential mortgage loan originators sponsored by a residential mortgage loan company, including financial statements and production activity volumes;

(2) must include any other information required by the commissioner; and

(3) must be filed as frequently as required by the commissioner.

SECTION 59. Subchapter C, Chapter 157, Finance Code, as added by this Act, is amended by adding Sections 157.02012, 157.02013, 157.02014, 157.02015, 157.02016, 157.02017, 157.02018, and 157.02019 to read as follows:

Sec. 157.02012. DISCLOSURE TO APPLICANT. (a) At the time an applicant submits an application to a residential mortgage loan originator, the residential mortgage loan originator shall provide to the applicant a disclosure that specifies:

(1) the nature of the relationship between the applicant and the residential mortgage loan originator;

(2) the duties the residential mortgage loan originator has to the applicant; and

(3) how the residential mortgage loan originator will be compensated.

(b) The finance commission by rule shall adopt a standard disclosure form to be used by the residential mortgage loan originator.

Sec. 157.02013. STANDARD FORMS. (a) The finance commission by rule shall adopt one or more standard forms for use by a residential mortgage loan originator in representing that an applicant for a residential mortgage loan is preapproved or has prequalified for the loan.

(b) The finance commission shall adopt rules requiring a residential mortgage loan originator licensed under this chapter to use the forms adopted by the finance commission under Subsection (a).

Sec. 157.02014. FEE ASSESSMENT AND DISCLOSURE. (a) Before the completion of all services to be performed, a residential mortgage loan originator may charge and receive, unless prohibited by law, the following

(1) is a statement of condition of the residential mortgage loan originator;

(2) must include any information required by the commissioner; and

(3) must be filed as frequently as required by the commissioner.

SECTION 70. Subchapter D, Chapter 157, Finance Code, as added by this Act, is amended by adding Sections 157.02012, 157.02013, 157.02014, 157.02015, and 157.02016 to read as follows:

No equivalent provision.

Sec. 157.02012. STANDARD FORMS. (a) The finance commission by rule shall adopt one or more standard forms for use by a residential mortgage loan originator, sponsored by and conducting business for a registered mortgage banker under this chapter, in representing that an applicant for a residential mortgage loan is preapproved or has prequalified for the loan.

(b) The finance commission shall adopt rules requiring a residential mortgage loan originator licensed under this chapter to use the forms adopted by the finance commission under Subsection (a).

No equivalent provision.

fees for services in assisting a mortgage applicant to obtain a residential mortgage loan:

- (1) a fee to obtain a credit report;
- (2) a fee for the appraisal of the real estate;
- (3) a fee for processing a residential mortgage loan application;
- (4) a fee for taking a residential mortgage loan application;
- (5) a fee for automated underwriting;
- (6) a fee for a courier service;
- (7) a fee to issue a loan commitment; or
- (8) subject to Subsection (b), a fee for locking in an interest rate.

(b) A residential mortgage loan originator may not charge or receive a fee for locking in an interest rate unless there is a written agreement signed by the mortgage applicant and the residential mortgage loan originator that contains a statement of whether the fee to lock in the interest rate is refundable and, if so, the terms and conditions necessary to obtain the refund.

Sec. 157.02015. SECONDARY MARKET TRANSACTIONS. This chapter does not prohibit a residential mortgage loan originator from receiving compensation from a party other than the mortgage applicant for the sale, transfer, assignment, or release of rights on the closing of a mortgage transaction.

Sec. 157.02016. AFFILIATED BUSINESS ARRANGEMENTS. Unless prohibited by federal or state law, this chapter may not be construed to prevent affiliated or controlled business arrangements or loan origination services by or between residential mortgage loan originators and other professionals if the residential mortgage loan originator complies with all applicable federal and state laws permitting those arrangements or services.

Sec. 157.02017. RULEMAKING AUTHORITY WITH RESPECT TO RESIDENTIAL MORTGAGE LOAN ORIGINATORS.

Sec. 157.02018. MORTGAGE INDUSTRY ADVISORY COMMITTEE; RESIDENTIAL MORTGAGE LOAN ORIGINATORS. (a) In

Sec. 157.02013. SECONDARY MARKET TRANSACTIONS. This chapter does not prohibit a residential mortgage loan originator sponsored by and conducting business for a registered mortgage banker under this chapter from receiving compensation from a party other than the mortgage applicant for the sale, transfer, assignment, or release of rights on the closing of a mortgage transaction.

Sec. 157.02014. AFFILIATED BUSINESS ARRANGEMENTS. Unless prohibited by federal or state law, this chapter may not be construed to prevent affiliated or controlled business arrangements or loan origination services by or between residential mortgage loan originators sponsored by and conducting business for a registered mortgage banker under this chapter and other professionals if the residential mortgage loan originator complies with all applicable federal and state laws permitting those arrangements or services.

Sec. 157.02015. RULEMAKING AUTHORITY WITH RESPECT TO RESIDENTIAL MORTGAGE LOAN ORIGINATORS.

No equivalent provision.

addition to other powers and duties delegated by the commissioner to the mortgage industry advisory committee created under Section 156.104, the advisory committee shall advise the commissioner with respect to:

(1) the proposal and adoption of rules relating to:

(A) the licensing of residential mortgage loan originators;

(B) the education and experience requirements for licensing residential mortgage loan originators; and

(C) the conduct and ethics of residential mortgage loan originators;

(2) the form of or format for any applications or other documents under this subchapter or Subchapter D; and

(3) the interpretation, implementation, and enforcement of this subchapter or Subchapter D.

(b) The advisory committee shall take a record vote on any matter described by Subsection (a)(1). The commissioner shall inform the finance commission of:

(1) the result of the vote; and

(2) any additional information the commissioner considers necessary to ensure the finance commission is sufficiently notified of the advisory committee's recommendations.

(c) A record vote taken by the advisory committee under Subsection (b) is only a recommendation and does not supersede the rulemaking authority of the finance commission under this subchapter.

Sec. 157.02019. ADMINISTRATION OF SUBCHAPTER. The commissioner shall administer and enforce this subchapter.

SECTION 60. Sections 157.021, 157.0211, 157.022, 157.023, 157.024, 157.0241, 157.025, 157.026, 157.027, 157.028, 157.029, 157.030, and 157.031, Finance Code, are designated as Subchapter D, Chapter 157, Finance Code, and a heading is added to that subchapter.

SECTION 61. Section 157.021, Finance Code, is amended by amending Subsection (a) and adding Subsection (h) to read as follows:

(a) The commissioner may conduct an inspection of a person licensed as a residential mortgage loan originator as the commissioner determines necessary to determine whether the person is complying with this chapter, Chapter

Sec. 157.02016. ADMINISTRATION OF SUBCHAPTER. The commissioner shall administer and enforce this subchapter.

SECTION 71. Substantially same as introduced version.

SECTION 72. Section 157.021, Finance Code, is amended by amending Subsection (a) and adding Subsection (h) to read as follows:

(a) The commissioner may conduct an inspection of a person licensed as a residential mortgage loan originator as the commissioner determines necessary to determine whether the person is complying with this chapter, Chapter

180, and applicable rules. An inspection under this subsection may include inspection of the books, records, documents, operations, and facilities of the person. The commissioner may request the assistance and cooperation of a sponsoring [the] mortgage banker in providing needed documents and records. The commissioner may not make a request of a sponsoring [the] mortgage banker for documents and records unrelated to the person being investigated or inspected. The commissioner may share evidence of criminal activity gathered during an inspection or investigation with any state or federal law enforcement agency.

(h) The commissioner may require reimbursement of expenses for each examiner for an on-site examination or inspection of a licensed residential mortgage loan originator if records are located out of state and are not made available for examination or inspection by the examiner in this state.

SECTION 62. Section 157.0211, Finance Code, is amended to read as follows:

Sec. 157.0211. MULTI-STATE EXAMINATION AUTHORITY OF RESIDENTIAL MORTGAGE LOAN SERVICER. To ensure that mortgage bankers that act as residential mortgage loan servicers operate in this state in compliance with this chapter and with other law in accordance with this chapter, the commissioner or the commissioner's designee may participate in multi-state mortgage examinations as scheduled by the Conference of State Bank Supervisors Multi-State Mortgage Committee or by the Consumer Financial Protection Bureau in accordance with the [~~Conference of State Bank Supervisors~~] protocol for such examinations.

No equivalent provision.

180, and applicable rules. An inspection under this subsection may include inspection of the books, records, documents, operations, and facilities of the person. The commissioner may request the assistance and cooperation of the sponsoring mortgage banker in providing needed documents and records. The commissioner may not make a request of the sponsoring mortgage banker for documents and records unrelated to the person being investigated or inspected. The commissioner may share evidence of criminal activity gathered during an inspection or investigation with any state or federal law enforcement agency.

(h) The commissioner may require reimbursement of expenses for each examiner for an on-site examination or inspection of a licensed residential mortgage loan originator if records are located out of state and are not made available for examination or inspection by the examiner in this state. The finance commission by rule shall set the maximum amount for the reimbursement of expenses authorized under this subsection.

SECTION 73. Same as introduced version.

SECTION 74. Section 157.023(a), Finance Code, is amended to read as follows:

(a) The commissioner, after notice and opportunity for a hearing, may impose an administrative penalty on an individual who is licensed or required to be licensed under this chapter as a residential mortgage loan originator and who violates this chapter,

Chapter 156, or a rule or order adopted under this chapter or Chapter 156.

SECTION 63. Section 157.024(a), Finance Code, is amended to read as follows:

(a) The commissioner may order disciplinary action against a licensed residential mortgage loan originator when the commissioner, after notice and opportunity for a hearing, has determined that the person:

(1) obtained a license, including a renewal of a license, under this chapter through a false or fraudulent representation or made a material misrepresentation in an application for a license or for the renewal of a license under this chapter;

(2) published or caused to be published an advertisement related to the business of a residential mortgage loan originator that:

(A) was misleading;

(B) was likely to deceive the public;

(C) in any manner tended to create a misleading impression;

(D) failed to identify as a licensed residential mortgage loan originator the person causing the advertisement to be published; or

(E) violated federal or state law;

(3) while performing an act for which a license under this chapter is required, engaged in conduct that constitutes improper, fraudulent, or dishonest dealings;

(4) entered a plea of nolo contendere to or was convicted of a criminal offense that is a felony or that involves fraud or moral turpitude in a court of this or another state or in a federal court;

(5) failed to use a fee collected in advance of closing a residential mortgage loan for a purpose for which the fee was paid;

(6) failed within a reasonable time to honor a check issued to the commissioner after the commissioner mailed a request for payment by mail to the person's last known **business** address as reflected in the commissioner's records;

(7) induced or attempted to induce a party to a contract to breach the contract so the person could make a residential mortgage loan;

(8) published or circulated an unjustified or unwarranted threat of legal proceedings in matters related to the person's actions or services as a licensed residential mortgage loan

SECTION 75. Sections 157.024(a), (h), and (j), Finance Code, are amended to read as follows:

(a) The commissioner may order disciplinary action against a licensed residential mortgage loan originator when the commissioner, after notice and opportunity for a hearing, has determined that the person:

(1) obtained a license, including a renewal of a license, under this chapter through a false or fraudulent representation or made a material misrepresentation in an application for a license or for the renewal of a license under this chapter;

(2) published or caused to be published an advertisement related to the business of a residential mortgage loan originator that:

(A) was misleading;

(B) was likely to deceive the public;

(C) in any manner tended to create a misleading impression;

(D) failed to identify as a licensed residential mortgage loan originator the person causing the advertisement to be published; or

(E) violated federal or state law;

(3) while performing an act for which a license under this chapter **or Chapter 156** is required, engaged in conduct that constitutes improper, fraudulent, or dishonest dealings;

(4) entered a plea of nolo contendere to or was convicted of a criminal offense that is a felony or that involves fraud or moral turpitude in a court of this or another state or in a federal court;

(5) failed to use a fee collected in advance of closing a residential mortgage loan for a purpose for which the fee was paid;

(6) failed within a reasonable time to honor a **credit card charge back or a** check issued to the commissioner after the commissioner mailed a request for payment, **including any applicable fees**, by mail to the person's last known **home business** address as reflected in the commissioner's records;

(7) induced or attempted to induce a party to a contract to breach the contract so the person could make a residential mortgage loan;

(8) published or circulated an unjustified or unwarranted threat of legal proceedings in matters related to the person's actions or services as a licensed residential mortgage loan

originator;

(9) aided, abetted, or conspired with a person to circumvent the requirements of this chapter;

(10) acted in the dual capacity of a licensed residential mortgage loan originator and real estate broker, salesperson, or attorney in a transaction without the knowledge and written consent of the mortgage applicant or in violation of applicable requirements under federal law;

(11) discriminated against a prospective borrower on the basis of race, color, religion, sex, national origin, ancestry, familial status, or disability;

(12) failed or refused on demand to:

(A) produce a document, book, or record concerning a residential mortgage loan transaction conducted by the licensed residential mortgage loan originator for inspection by the commissioner or the commissioner's authorized personnel or representative;

(B) give the commissioner or the commissioner's authorized personnel or representative free access to the books or records relating to the residential mortgage loan originator's business kept by any other person or any business entity through which the residential mortgage loan originator conducts residential mortgage loan origination activities; or

(C) provide information requested by the commissioner as a result of a formal or informal complaint made to the commissioner;

(13) failed without just cause to surrender, on demand, a copy of a document or other instrument coming into the residential mortgage loan originator's possession that was provided to the residential mortgage loan originator by another person making the demand or that the person making the demand is under law entitled to receive;

(14) disregarded or violated this chapter, a rule adopted under this chapter, or an order issued by the commissioner under this chapter;

(15) provided false information to the commissioner during the course of an investigation or inspection;

(16) paid compensation to a person who is not licensed or exempt under this chapter for acts for which a license under this chapter is required; [ø]

originator;

(9) aided, abetted, or conspired with a person to circumvent the requirements of this chapter or Chapter 156;

(10) acted in the dual capacity of a licensed residential mortgage loan originator and real estate broker, salesperson, or attorney in a transaction without the knowledge and written consent of the mortgage applicant or in violation of applicable requirements under federal law;

(11) discriminated against a prospective borrower on the basis of race, color, religion, sex, national origin, ancestry, familial status, or disability;

(12) failed or refused on demand to:

(A) produce a document, book, or record concerning a residential mortgage loan transaction conducted by the licensed residential mortgage loan originator for inspection by the commissioner or the commissioner's authorized personnel or representative;

(B) give the commissioner or the commissioner's authorized personnel or representative free access to the books or records relating to the residential mortgage loan originator's business kept by any other person or any business entity through which the residential mortgage loan originator conducts residential mortgage loan origination activities; or

(C) provide information requested by the commissioner as a result of a formal or informal complaint made to the commissioner;

(13) failed without just cause to surrender, on demand, a copy of a document or other instrument coming into the residential mortgage loan originator's possession that was provided to the residential mortgage loan originator by another person making the demand or that the person making the demand is under law entitled to receive;

(14) disregarded or violated this chapter, Chapter 156, a rule adopted under this chapter or Chapter 156, or an order issued by the commissioner under this chapter or Chapter 156;

(15) provided false information to the commissioner during the course of an investigation or inspection;

(16) paid compensation to a person who is not licensed or exempt under this chapter for acts for which a license under this chapter or Chapter 156 is required; [ø]

(17) established an association, by employment or otherwise, with a person not licensed or exempt under this chapter or Chapter 156 who was expected or required to act as a residential mortgage loan originator or residential mortgage loan company; or

(18) charged or received, directly or indirectly, a fee for assisting a mortgage applicant in obtaining a residential mortgage loan before all of the services that the person agreed to perform for the mortgage applicant are completed, and the proceeds of the residential mortgage loan have been disbursed to or on behalf of the mortgage applicant, except as provided by Section 157.02014.

(17) established an association, by employment or otherwise, with a person not licensed, registered, or exempt under this chapter or Chapter 156 who was expected or required to act as a residential mortgage loan originator or residential mortgage loan company; or

(18) charged or received, directly or indirectly, a fee for assisting a mortgage applicant in obtaining a residential mortgage loan under Chapter 156 before all of the services that the person agreed to perform for the mortgage applicant are completed, and the proceeds of the residential mortgage loan have been disbursed to or on behalf of the mortgage applicant, except as provided by Section 156.304.

(h) If a residential mortgage loan originator fails to pay an administrative penalty that has become final or fails to comply with an order of the commissioner that has become final, in addition to any other remedy provided under law, the commissioner, on not less than 10 days' notice to the residential mortgage loan originator, may without a prior hearing suspend the residential mortgage loan originator's license. The suspension continues until the residential mortgage loan originator has complied with the administrative order or paid the administrative penalty. During the period of suspension, the residential mortgage loan originator may not originate a residential mortgage loan and all compensation received by the residential mortgage loan originator during the period of suspension is subject to forfeiture as provided by Section 157.031(a-1) [~~as defined by Section 180.002~~].

(j) An order revoking the license of a residential mortgage loan originator may provide that the person is prohibited, without previously obtaining written consent of the commissioner, from:

(1) engaging in the business of originating or making residential mortgage loans [~~as defined by Section 180.002~~];

(2) otherwise affiliating with a person for the purpose of engaging in the business of originating or making residential mortgage loans [~~as defined by Section 180.002~~]; and

(3) being an employee, officer, director, manager, shareholder, member, agent, contractor, or processor of a mortgage banker, residential mortgage loan company, or residential mortgage loan originator for a residential mortgage loan company.

No equivalent provision.

SECTION 76. Section 157.0241(e), Finance Code, is amended to read as follows:

(e) This section does not limit the authority of the commissioner to take disciplinary action against a residential mortgage loan originator for a violation of this chapter, Chapter 156, or the rules adopted by the finance commission under this chapter or Chapter 156. The repayment in full to the recovery fund of all obligations of a residential mortgage loan originator does not nullify or modify the effect of any other disciplinary proceeding brought under this chapter or Chapter 156.

No equivalent provision.

SECTION 77. Section 157.025, Finance Code, is amended to read as follows:

Sec. 157.025. RESTITUTION. The commissioner may order a residential mortgage loan originator to make restitution for any amount received by that person in violation of this chapter or Chapter 156.

SECTION 64. Section 157.026, Finance Code, is amended by adding Subsection (e) to read as follows:

SECTION 78. Section 157.026, Finance Code, is amended by amending Subsection (b) and adding Subsection (e) to read as follows:

~~(b) If the commissioner proposes to suspend or revoke a license of a residential mortgage loan originator or if the commissioner refuses to issue or renew [a license to an applicant for] a residential mortgage loan originator license [or person requesting a renewal of a residential mortgage loan originator license] under this chapter, the applicant or license holder is entitled to a hearing before the commissioner or an administrative law judge who shall make a proposal for decision to the commissioner. The commissioner or administrative law judge shall prescribe the time and place of the hearing. The hearing is governed by Chapter 2001, Government Code.~~

(e) The commissioner may, in the commissioner's discretion, rescind or vacate any previously issued revocation order.

(e) The commissioner may, in the commissioner's discretion, rescind or vacate any previously issued revocation order.

No equivalent provision.

SECTION 79. Section 157.027(a), Finance Code, is amended to read as follows:

(a) A residential mortgage loan applicant injured by a violation of this chapter or Chapter 156 by a residential mortgage loan originator may bring an action for recovery of actual

monetary damages and reasonable attorney's fees and court costs.

No equivalent provision.

SECTION 65. Section 157.031, Finance Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) A person who is not exempt under this chapter and who acts as a residential mortgage loan originator without first obtaining a license required under this chapter commits an offense. [A person commits an offense if the person is an employee of a mortgage banker, is not exempt under this chapter, and acts as a residential mortgage loan originator without first obtaining a license required under this chapter.] An offense under this subsection is a Class B misdemeanor. A second or subsequent conviction for an offense under this subsection is a Class A misdemeanor.

(a-1) A person who received money, or the equivalent of money, as a fee or profit because of or in consequence of the person acting as a residential mortgage loan originator without an active license or being exempt under this chapter is liable for damages in an amount that is not less than the amount of the fee or profit received and not to exceed three times the amount of the fee or profit received, as may be determined by the court. An aggrieved person may recover damages under this subsection in a court.

SECTION 66. Subchapter D, Chapter 157, Finance Code, as added by this Act, is amended.

SECTION 80. Section 157.030(b), Finance Code, is amended to read as follows:

(b) This section does not limit or preclude the liability of a residential mortgage loan originator for:

(1) failing to comply with this chapter, Chapter 156, or a rule adopted under this chapter or Chapter 156;

(2) failing to comply with a provision of or duty arising under an agreement with a residential mortgage loan applicant under this chapter or Chapter 156; or

(3) violating any other state or federal law.

SECTION 81. Section 157.031, Finance Code, is amended by amending Subsection (a) and adding Subsection (a-1) to read as follows:

(a) An individual who is not exempt under this chapter ~~or other applicable law~~ and who acts as a residential mortgage loan originator without first obtaining a license required under this chapter commits an offense. [A person commits an offense if the person is an employee of a mortgage banker, is not exempt under this chapter, and acts as a residential mortgage loan originator without first obtaining a license required under this chapter.] An offense under this subsection is a Class B misdemeanor. A second or subsequent conviction for an offense under this subsection is a Class A misdemeanor.

(a-1) An individual who received money, or the equivalent of money, as a fee or profit because of or in consequence of the individual acting as a residential mortgage loan originator without an active license or being exempt under this chapter is liable for damages in an amount that is not less than the amount of the fee or profit received and not to exceed three times the amount of the fee or profit received, as may be determined by the court. An aggrieved person may recover damages under this subsection in a court.

SECTION 82. Substantially same as introduced version.

SECTION 67. Section 158.104, Finance Code, is amended.

SECTION 83. Same as introduced version.

SECTION 68. Sections 180.002(17) and (21), Finance Code, are amended.

SECTION 84. Same as introduced version.

SECTION 69. Section 180.056(a), Finance Code, is amended to read as follows:

(a) An applicant for a residential mortgage loan originator license must complete education courses that include~~[, at a minimum,]~~ at least the minimum number of hours and type of courses required by the S.A.F.E. Mortgage Licensing Act and the minimum number of hours of training related to lending standards for the nontraditional mortgage product marketplace required by that Act and any additional requirements established by the regulatory official.

SECTION 85. Section 180.056(a), Finance Code, is amended to read as follows:

(a) An applicant for a residential mortgage loan originator license must complete education courses that include~~[, at a minimum,]~~ at least the minimum number of hours and type of courses required by the S.A.F.E. Mortgage Licensing Act and the minimum number of hours of training related to lending standards for the nontraditional mortgage product marketplace required by that Act and any additional requirements established by the regulatory official and adopted by rule of the rulemaking authority.

SECTION 70. Section 180.251(a), Finance Code, is amended.

SECTION 86. Same as introduced version.

SECTION 71. The following provisions of the Finance Code are repealed:

- (1) Section 15.4024;
- (2) Sections 156.003, 156.004, 156.005, 156.105, 156.2015, 156.205, 156.304, and 156.405;
- (3) Sections 156.101(a-1) and (a-2);
- (4) Sections 156.201(b), (b-1), and (b-2);
- (5) Sections 156.202(c), 156.203(c), 156.2041(b), 156.2042(b), 156.2043(b), 156.2044(c), 156.2045(b), 156.207(b), (c), and (d), 156.2081(c), and 156.406(a) and (b);
- (6) Section 157.012(d); and
- (7) Section 180.251(b).

SECTION 87. The following provisions of the Finance Code are repealed:

- (1) Section 15.4024;
- (7) Section 157.003(f), Finance Code, as added by Chapter 655 (S.B. 1124), Acts of the 82nd Legislature, Regular Session, 2011;
- (2) Sections 156.2015, 156.205, and 156.405;
- (3) Sections 156.101(a-1) and (a-2);
- (4) Sections 156.201(b), (b-1), and (b-2);
- (5) Sections 156.102(b), 156.202(c), 156.203(c), 156.2041(b), 156.2042(b), 156.2043(b), 156.2044(c), 156.2045, 156.206(a), 156.207(b), (c), and (d), and 156.2081(c);
- (6) Sections 156.208(b-1), (b-2), and (j);
- (8) Sections 157.012(d) and 157.015(b); and
- (9) Section 180.251(b).

SECTION 72. The changes in law made by this Act do not affect any pending proceeding or action brought under Subchapter D, Chapter 156, Finance Code, as that subchapter existed immediately before amendment by this Act, and the former law is continued in effect for

SECTION 88. Same as introduced version.

that purpose.

SECTION 73. The changes in law made by this Act apply only to a license or registration issued or renewed on or after the effective date of this Act. A license or registration issued or renewed before the effective date of this Act is governed by the law in effect on the date the license or registration was issued or renewed, and the former law is continued in effect for that purpose.

SECTION 74. This Act takes effect September 1, 2013.

SECTION 89. Same as introduced version.

SECTION 90. Same as introduced version.