

BILL ANALYSIS

C.S.H.B. 1721
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Investments & Financial Services
Committee Report (Substituted)

BACKGROUND AND PURPOSE

The Nationwide Mortgage Licensing System and Registry is a secure, web-based licensing system that allows companies and individuals to apply for, maintain, and renew licenses in one or more states through a single record. The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act) required registration of residential mortgage loan originators on the nationwide registry. However, interested parties report that since the inception of the nationwide registry, it has expanded to include other industries outside of the residential mortgage market as a means of maintaining a single record for commonly regulated financial services industries.

Under current procedures, mortgage industry licensees covered by the SAFE Act must register with the nationwide registry. Moreover, in addition to these mortgage industry licensees, the consumer credit commissioner regulates a number of other financial service providers, including property tax lenders, and credit access businesses. C.S.H.B. 1721 seeks to provide a number of benefits to the state, including increased efficiencies for the industry and the agency, improved supervision of the industry to better protect consumers, and a level playing field for businesses that comply with state regulations.

RULEMAKING AUTHORITY

It is the committee's opinion that this bill does not expressly grant any additional rulemaking authority to a state officer, department, agency, or institution.

ANALYSIS

C.S.H.B. 1721 amends the Finance Code to authorize the consumer credit commissioner to require a person who submits to the commissioner any information, document, or payment of a fee required under statutory provisions relating to the powers and duties of the consumer credit commissioner, consumer loans, motor vehicle installment sales, the Property Tax Lender License Act, credit services organizations, and debtor assistance, or rules adopted under those provisions, to submit such information through the Nationwide Mortgage Licensing System and Registry in the form and manner prescribed by the commissioner and acceptable to the registry.

C.S.H.B. 1721 authorizes the commissioner to use the nationwide registry as a channeling agent for obtaining information required for licensing or registration purposes under those statutory provisions or rules adopted under those provisions, including criminal history record information from the FBI, the U.S. Department of Justice, or any other agency or entity at the commissioner's discretion; information related to any administrative, civil, or criminal findings by a governmental jurisdiction; and certain information requested by the commissioner relating to the application process for a license to engage in the business of consumer loans, a license to engage in the business of motor vehicle installment sales, a license to engage in the business of property tax lending, a license to do business as a credit services organization, and registering to provide debt management services.

EFFECTIVE DATE

September 1, 2013.

COMPARISON OF ORIGINAL AND SUBSTITUTE

While C.S.H.B. 1721 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

SECTION 1. Subchapter C, Chapter 14, Finance Code, is amended by adding Section 14.109 to read as follows:

Sec. 14.109. USE OF THE NATIONWIDE MORTGAGE LICENSING SYSTEM AND REGISTRY. (a) In this section, "Nationwide Mortgage Licensing System and Registry" or "nationwide registry" means a licensing system developed and maintained by the Conference of State Bank Supervisors and an affiliated organization to manage mortgage licenses and other financial services licenses or a successor registry.

(b) This section applies only to:
(1) this chapter; and
(2) Chapter 342, 348, 351, 371, 393, or 394.

(c) The commissioner may require that a person submit through the Nationwide Mortgage Licensing System and Registry in the form and manner prescribed by the commissioner and acceptable to the registry any information or document or payment of a fee required to be submitted to the commissioner under:
(1) a chapter to which this section applies;
or
(2) rules adopted under the chapter.

(d) The commissioner may use the nationwide registry as a channeling agent for obtaining information required for licensing or registration purposes under a chapter listed in Subsection (b)(2) or rules adopted under the chapter, including:
(1) criminal history record information from the Federal Bureau of Investigation, the United States Department of Justice, or any other agency or entity at the commissioner's discretion;

HOUSE COMMITTEE SUBSTITUTE

SECTION 1. Subchapter C, Chapter 14, Finance Code, is amended by adding Section 14.109 to read as follows:

Sec. 14.109. USE OF THE NATIONWIDE MORTGAGE LICENSING SYSTEM AND REGISTRY. (a) In this section, "Nationwide Mortgage Licensing System and Registry" or "nationwide registry" means a licensing system developed and maintained by the Conference of State Bank Supervisors and an affiliated organization to manage mortgage licenses and other financial services licenses or a successor registry.

(b) This section applies only to:
(1) this chapter; and
(2) Chapter 342, 348, 351, 393, or 394.

(c) The commissioner may require that a person submit through the Nationwide Mortgage Licensing System and Registry in the form and manner prescribed by the commissioner and acceptable to the registry any information or document or payment of a fee required to be submitted to the commissioner under:
(1) a chapter to which this section applies;
or
(2) rules adopted under the chapter.

(d) The commissioner may use the nationwide registry as a channeling agent for obtaining information required for licensing or registration purposes under a chapter listed in Subsection (b)(2) or rules adopted under the chapter, including:
(1) criminal history record information from the Federal Bureau of Investigation, the United States Department of Justice, or any other agency or entity at the commissioner's discretion;

(2) information related to any administrative, civil, or criminal findings by a governmental jurisdiction; and
(3) information requested by the commissioner under Section 342.101(a)(4), 348.502(a)(3), 351.101(a)(4), 371.054(b)(2)(E), 371.103(a)(6), 393.604(a)(5), or 394.204(c)(8).

SECTION 2. This Act takes effect September 1, 2013.

(2) information related to any administrative, civil, or criminal findings by a governmental jurisdiction; and
(3) information requested by the commissioner under Section 342.101(a)(4), 348.502(a)(3), 351.101(a)(4), 393.604(a)(5), or 394.204(c)(8).

SECTION 2. Same as introduced version.