

BILL ANALYSIS

S.B. 232
By: Carona
Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Interested parties report that 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. 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. S.B. 232 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

S.B. 232 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.

S.B. 232 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 pawnshop license, a pawnshop employee license, a license to do business as a credit services organization, and registering to provide debt management services.

EFFECTIVE DATE

September 1, 2013.