

By: Rodríguez
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S.B. No. 1203

A BILL TO BE ENTITLED

AN ACT

relating to exemptions from the applicability of the Texas Secure and Fair Enforcement for Mortgage Licensing Act of 2009 and other laws applicable to residential mortgage loan originators.

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

SECTION 1. Section 156.202(a-1), Finance Code, is amended to read as follows:

(a-1) The following entities are exempt from this chapter:

(1) a nonprofit organization:

(A) 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; or

(B) that has designation as a Section 501(c)(3) organization by the Internal Revenue Service and originates residential mortgage loans for borrowers who, through a self-help program, have provided at least 200 labor hours or 65 percent of the labor to construct the dwelling securing the loan;

(2) a mortgage banker registered under Chapter 157;

(3) 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

- 1 (4) an entity that is:
- 2 (A) a depository institution;
- 3 (B) a subsidiary of a depository institution that
- 4 is:
- 5 (i) owned and controlled by the depository
- 6 institution; and
- 7 (ii) regulated by a federal banking agency;
- 8 or
- 9 (C) an institution regulated by the Farm Credit
- 10 Administration.

11 SECTION 2. Section [157.0121\(c\)](#), Finance Code, is amended to

12 read as follows:

13 (c) Employees of the following entities, when acting for the

14 benefit of those entities, are exempt from the licensing and other

15 requirements of this chapter applicable to residential mortgage

16 loan originators:

- 17 (1) a nonprofit organization:
- 18 (A) providing self-help housing that originates
- 19 zero interest residential mortgage loans for borrowers who have
- 20 provided part of the labor to construct the dwelling securing the
- 21 loan; or
- 22 (B) that has designation as a Section 501(c)(3)
- 23 organization by the Internal Revenue Service and originates
- 24 residential mortgage loans for borrowers who, through a self-help
- 25 program, have provided at least 200 labor hours or 65 percent of the
- 26 labor to construct the dwelling securing the loan;

27 (2) any owner of residential real estate who in any

1 12-consecutive-month period makes no more than five residential
2 mortgage loans to purchasers of the property for all or part of the
3 purchase price of the residential real estate against which the
4 mortgage is secured; and

5 (3) an entity that is:

6 (A) a depository institution;

7 (B) a subsidiary of a depository institution that
8 is:

9 (i) owned and controlled by the depository
10 institution; and

11 (ii) regulated by a federal banking agency;
12 or

13 (C) an institution regulated by the Farm Credit
14 Administration.

15 SECTION 3. Section 180.003(a), Finance Code, is amended to
16 read as follows:

17 (a) The following persons are exempt from this chapter:

18 (1) a registered mortgage loan originator when acting
19 for an entity described by Section 180.002(16)(A)(i), (ii), or
20 (iii);

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

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

1 (A) takes a residential mortgage loan
2 application; and

3 (B) offers or negotiates the terms of a
4 residential mortgage loan;

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

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

12 [~~(6)~~] an owner of residential real estate who in any
13 12-consecutive-month period makes no more than five residential
14 mortgage loans to purchasers of the property for all or part of the
15 purchase price of the residential real estate against which the
16 mortgage is secured; and

17 (6) [~~(7)~~] an owner of a dwelling who in any
18 12-consecutive-month period makes no more than five residential
19 mortgage loans to purchasers of the property for all or part of the
20 purchase price of the dwelling against which the mortgage or
21 security interest is secured.

22 SECTION 4. The provisions of this Act or the applications of
23 those provisions are severable as provided by Section 311.032(c),
24 Government Code. If the director of the Consumer Financial
25 Protection Bureau determines that any provision of Sections 1
26 through 3 of this Act fails to meet the requirements of the federal
27 Secure and Fair Enforcement for Mortgage Licensing Act of 2008

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1 (Pub. L. No. 110-289), that provision of this Act shall be held
2 invalid; however, the remainder of this Act or the application of
3 the provision to other persons or circumstances is not affected.

4 SECTION 5. This Act takes effect September 1, 2015.