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| BILL ANALYSIS |

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| S.B. 830 |
| By: Rodríguez |
| Investments & Financial Services |
| Committee Report (Unamended) |

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| **BACKGROUND AND PURPOSE**  Interested parties are concerned that some small volume mortgage servicers are not required to provide information about payment history and escrow accounts to borrowers and that this may leave certain Texas homebuyers unaware of important information about their mortgage loans. Such information includes whether taxes and insurance are being paid, how late payments are affecting the principal balance, and whether an account has an issue that puts it at risk of foreclosure. S.B. 830 seeks to increase transparency with respect to mortgage loans by requiring certain mortgage servicers to provide an annual accounting statement to borrowers. |
| **CRIMINAL JUSTICE IMPACT**  It is the committee's opinion that this bill does not expressly create a criminal offense, increase the punishment for an existing criminal offense or category of offenses, or change the eligibility of a person for community supervision, parole, or mandatory supervision. |
| **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. 830 amends the Finance Code to require a mortgage servicer to provide to the borrower, by mail postmarked on or before January 31 and sent to the borrower at the borrower's last known address, an annual statement in January of each year for the term of the loan that clearly and conspicuously states the following information: the amount of each payment that was received by the mortgage servicer as payment toward the loan during the preceding calendar year; how each payment was applied to the borrower's account, including information showing the amount of each payment that was applied to the borrower's principal obligation under the loan, to the interest charged on the loan, to any escrow account associated with the loan, and to any fee or other charge assessed against the borrower during the preceding calendar year; and the outstanding balance of the borrower's principal obligation under the loan.  S.B. 830 authorizes a borrower who does not receive such an annual statement within the time prescribed by the bill to request the statement from the mortgage servicer by sending a request to that effect to the mortgage servicer by certified mail, return receipt requested. The bill establishes that, if after receiving such a request the mortgage servicer fails to provide the statement to the borrower on or before the 25th day after the date the mortgage servicer receives the request, the borrower is not liable for any payment, fees, or other charges not made during the year to which the annual statement relates and is considered to have paid all payments, fees, or other charges owed under the loan relating to that year on time and in accordance with the terms of the loan agreement and that, if the mortgagee is not the mortgage servicer, the mortgage servicer is liable for paying the mortgagee any amount for which the borrower is so no longer liable and any fee or other charge assessed against the borrower by the mortgagee as a result of, or consequential damages arising out of, the mortgage servicer's failure to timely provide the annual statement. The bill establishes that these liability provisions do not apply if, before the borrower so requests an annual statement, the mortgage servicer sends a default notice to the borrower at the borrower's last known address by certified mail, return receipt requested.  S.B. 830 applies only to a loan secured by a first or subordinate lien on residential real property that is not one of the following: a federally related mortgage loan; a loan that is made by a credit union regulated by the Credit Union Department; a loan that is primarily for business, commercial, or agricultural purposes, or for temporary financing, such as a construction loan, as referred to under federal law; and a loan that is directly financed and serviced by a relative within the second degree of consanguinity or affinity of the borrower. |
| **EFFECTIVE DATE**  September 1, 2017. |