

BILL ANALYSIS

S.B. 2330
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Pensions, Investments & Financial Services
Committee Report (Unamended)

BACKGROUND AND PURPOSE

There are concerns that state law regarding residential mortgage loan originators is not yet fully aligned with amendments made to the federal SAFE Act with respect to certain residential mortgage loan originators. S.B. 2330 seeks to update state law to conform to certain federal SAFE Act changes by providing for the temporary authority of certain individuals to act as a residential mortgage loan originator under certain conditions until those individuals complete the state licensing process.

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. 2330 amends the Finance Code, for purposes of the Texas Secure and Fair Enforcement for Mortgage Licensing Act of 2009 (Texas Safe Act), to do the following:

- establish the conditions under which a registered mortgage loan originator who does not hold an applicable license under the Residential Mortgage Loan Company Licensing and Registration Act, the Mortgage Banker Registration and Residential Mortgage Loan Originator License Act, the Texas Credit Title Act, or the Property Tax Lender License Act is considered to have temporary authority to act as a residential mortgage loan originator for a period not to exceed 120 days;
- establish the conditions under which a residential mortgage loan originator licensed by a regulatory official to engage in business as a mortgage loan originator in Texas under one of those acts is considered to have temporary authority to act as a residential mortgage loan originator under another one of those acts for a period not to exceed 120 days; and
- establish the conditions under which an individual licensed by another state or governmental jurisdiction to engage in mortgage loan origination in that other state or governmental jurisdiction is considered to have temporary authority to act as a residential mortgage loan originator in Texas for a period not to exceed 120 days.

S.B. 2330 establishes that the 120-day period of temporary authority described under the bill's provisions begins on the date on which the individual submits to the appropriate regulatory official the application form and information concerning the individual's identity under provisions of the Texas Safe Act and ends on the earliest of the following:

- the date on which the individual withdraws the application;
- the date on which the regulatory official denies or issues a notice of intent to deny the application;
- the date on which the regulatory official issues the individual a license to engage in business as a residential mortgage loan originator with respect to a dwelling located in Texas under an applicable licensing act; or
- the 120th day after the date on which the individual submitted the application, if the application is listed on the Nationwide Mortgage Licensing System and Registry as incomplete.

S.B. 2330 subjects the following persons to the requirements of applicable federal and state laws and to applicable rules and regulations to the same extent as if that person was a residential mortgage loan originator licensed in Texas:

- a person employing an individual who is considered to have temporary authority to act as a residential mortgage loan originator in Texas under the bill's provisions; and
- an individual who is considered to have such temporary authority and who engages in residential mortgage loan origination activities.

EFFECTIVE DATE

November 24, 2019.