

By: Parker

H.B. No. 3945

A BILL TO BE ENTITLED

AN ACT

relating to the temporary authority of certain individuals to engage in business as a residential mortgage loan originator.

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

SECTION 1. Section 157.012(a), Finance Code, is amended to read as follows:

(a) An individual may not act or attempt to act in the capacity of a residential mortgage loan originator unless the individual is exempt under Section 157.0121 or 180.003(b), or acting under the temporary authority granted under Section 180.0511, or:

(1) is licensed under this chapter, sponsored by an appropriate entity, and enrolled with the Nationwide Mortgage Licensing System and Registry as required by Section 180.052; and

(2) complies with other applicable requirements of Chapter 180 and rules adopted by the finance commission under that chapter.

SECTION 2. Section 180.002(11), Finance Code, is amended to read as follows:

(11) "Loan processor or underwriter" means an individual who performs clerical or support duties as an employee at the direction of and subject to the supervision and instruction of an individual licensed as a residential mortgage loan originator, [or] ~~[or]~~ exempt from licensure under Section 180.003, or

1 acting under the temporary authority granted under Section
2 180.0511.

3 SECTION 3. Section 180.051(a), Finance Code, is amended to
4 read as follows:

5 (a) Unless exempted by Section 180.003 or acting under the
6 temporary authority granted under Section 180.0511, an individual
7 may not engage in business as a residential mortgage loan
8 originator with respect to a dwelling located in this state unless
9 the individual:

10 (1) is licensed to engage in that business under
11 Chapter 156, 157, 342, 347, 348, or 351; and

12 (2) complies with the requirements of this chapter.

13 SECTION 4. Subchapter B, Chapter 180, Finance Code, is
14 amended by adding Section 180.0511 to read as follows:

15 Sec. 180.0511. TEMPORARY AUTHORITY FOR EMPLOYMENT
16 TRANSITIONS. (a) A registered mortgage loan originator who does
17 not hold a license issued under a chapter listed in Section
18 180.051(a)(1) to engage in business as a residential mortgage loan
19 originator with respect to a dwelling located in this state may
20 engage in that business for a period not to exceed 120 days as
21 provided by Subsection (c) if the individual:

22 (1) becomes employed by an entity that is licensed or
23 registered in this state to engage in the business of residential
24 mortgage loan origination or processing activities with respect to
25 a dwelling located in this state;

26 (2) has not had:

27 (A) an application for a residential mortgage

1 loan originator license or other loan originator license required
2 by another jurisdiction to engage in business as a residential
3 mortgage loan originator denied; or

4 (B) a residential mortgage loan originator
5 license or other loan originator license required by another
6 jurisdiction to engage in business as a residential mortgage loan
7 originator revoked or suspended in any governmental jurisdiction;

8 (3) has not been subject to or served with a cease and
9 desist order:

10 (A) in any governmental jurisdiction; or

11 (B) under 12 U.S.C. Section 5113(c);

12 (4) has not been convicted of a misdemeanor or felony
13 that would preclude licensure to engage in business as a
14 residential mortgage loan originator with respect to a dwelling
15 located in this state under the chapters listed in Section
16 [180.051](#)(a)(1);

17 (5) has submitted to the appropriate regulatory
18 official the application form prescribed by the regulatory official
19 under Section [180.053](#) and the information required under Section
20 [180.054](#); and

21 (6) was registered with, and maintained a unique
22 identifier through, the Nationwide Mortgage Licensing System and
23 Registry as a loan originator during the one-year period preceding
24 the date on which the individual submitted to the appropriate
25 regulatory official the application form and information required
26 by Subdivision (5).

27 (b) A residential mortgage loan originator licensed to

1 engage in that activity in another state may engage in business as a
2 residential mortgage loan originator with respect to a dwelling
3 located in this state for a period not to exceed 120 days as
4 provided by Subsection (c) without holding a license to engage in
5 that business issued under a chapter listed in Section
6 180.051(a)(1) if the individual:

7 (1) is employed by an entity that is licensed or
8 registered in this state to engage in the business of residential
9 mortgage loan origination or processing activities with respect to
10 a dwelling located in this state;

11 (2) meets the eligibility requirements provided by
12 Subsections (a)(2), (3), (4), and (5); and

13 (3) holds a license issued by another state to engage
14 in business as a residential mortgage loan originator and held that
15 license during the 30-day period preceding the date on which the
16 individual submitted to the appropriate regulatory official the
17 application form required under Section 180.053 and the information
18 required under Section 180.054.

19 (c) The 120-day period of temporary authority granted to an
20 individual under this section begins on the date on which the
21 individual submits to the appropriate regulatory official the
22 application form required under Section 180.053 and the information
23 required under Section 180.054 and ends on the earliest of:

24 (1) the date on which the individual withdraws the
25 application;

26 (2) the date on which the regulatory official denies
27 or issues a notice of intent to deny the application;

1 (3) the date on which the regulatory official issues
2 the individual a license to engage in business as a residential
3 mortgage loan originator with respect to a dwelling located in this
4 state under a chapter listed in Section 180.051(a)(1); or

5 (4) the 120th day after the date on which the
6 individual submitted the application, if the application is listed
7 on the Nationwide Mortgage Licensing System and Registry as
8 incomplete.

9 SECTION 5. Section 342.0515(b), Finance Code, is amended to
10 read as follows:

11 (b) Unless exempt under Section 180.003, or acting under the
12 temporary authority granted under Section 180.0511, an individual
13 who acts as a residential mortgage loan originator in the making,
14 transacting, or negotiating of a loan subject to this chapter must:

15 (1) be individually licensed to engage in that
16 activity under this chapter;

17 (2) be enrolled with the Nationwide Mortgage Licensing
18 System and Registry as required by Section 180.052; and

19 (3) comply with other applicable requirements of
20 Chapter 180 and rules adopted under that chapter.

21 SECTION 6. Section 347.4515(b), Finance Code, is amended to
22 read as follows:

23 (b) Unless exempt under Section 180.003, or acting under the
24 temporary authority granted under Section 180.0511, an individual
25 who acts as a residential mortgage loan originator in the making,
26 transacting, or negotiating of an extension of credit subject to
27 this chapter must:

1 (1) be individually licensed to engage in that
2 activity under this chapter;

3 (2) be enrolled with the Nationwide Mortgage Licensing
4 System and Registry as required by Section 180.052; and

5 (3) comply with other applicable requirements of
6 Chapter 180 and rules adopted under that chapter.

7 SECTION 7. Section 348.5015(b), Finance Code, is amended to
8 read as follows:

9 (b) Unless exempt under Section 180.003, or acting under the
10 temporary authority granted under Section 180.0511, an individual
11 who acts as a residential mortgage loan originator in the sale of a
12 motor vehicle to be used as a principal dwelling must:

13 (1) be licensed to engage in that activity under this
14 chapter;

15 (2) be enrolled with the Nationwide Mortgage Licensing
16 System and Registry as required by Section 180.052; and

17 (3) comply with other applicable requirements of
18 Chapter 180 and rules adopted under that chapter.

19 SECTION 8. Section 351.0515(b), Finance Code, is amended to
20 read as follows:

21 (b) Unless exempt under Section 180.003, or acting under the
22 temporary authority granted under Section 180.0511, an individual
23 who acts as a residential mortgage loan originator in the making,
24 transacting, or negotiating of a property tax loan for a principal
25 dwelling must:

26 (1) be individually licensed to engage in that
27 activity under this chapter;

1 (2) be enrolled with the Nationwide Mortgage Licensing
2 System and Registry as required by Section 180.052; and

3 (3) comply with other applicable requirements of
4 Chapter 180 and rules adopted under that chapter.

5 SECTION 9. Section 180.0511, Finance Code, as added by this
6 Act, applies only to an application for a residential mortgage loan
7 originator license submitted to the appropriate regulatory
8 official, as defined by Section 180.002, Finance Code, on or after
9 the effective date of this Act. An application for a residential
10 mortgage loan originator license submitted before that date is
11 governed by the law in effect on the date the application was
12 submitted, and the former law is continued in effect for that
13 purpose.

14 SECTION 10. This Act takes effect November 24, 2019.