

By: Creighton
(Parker)

S.B. No. 2330

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), is acting under the temporary authority described 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 180.051(a), Finance Code, is amended to read as follows:

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

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

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

4 SECTION 3. Subchapter B, Chapter 180, Finance Code, is
5 amended by adding Section 180.0511 to read as follows:

6 Sec. 180.0511. TEMPORARY AUTHORITY TO ORIGINATE LOANS.

7 (a) A registered mortgage loan originator who does not hold a
8 license issued under a chapter listed in Section 180.051(a)(1) is
9 considered to have temporary authority to act as a residential
10 mortgage loan originator for a period not to exceed 120 days as
11 provided by Subsection (d) if the individual:

12 (1) becomes employed by an entity that is licensed or
13 registered by this state to engage in the business of residential
14 mortgage loan origination in this state;

15 (2) has not had:

16 (A) an application for a residential mortgage
17 loan originator license or other loan originator license required
18 by another jurisdiction to engage in business as a residential
19 mortgage loan originator denied; or

20 (B) a residential mortgage loan originator
21 license or other loan originator license required by another
22 jurisdiction to engage in business as a residential mortgage loan
23 originator revoked or suspended in any governmental jurisdiction;

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

26 (A) in any governmental jurisdiction; or

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

1 (4) has not been convicted of a misdemeanor or felony
2 that would preclude licensure to engage in business as a
3 residential mortgage loan originator in this state under the
4 chapters listed in Section 180.051(a)(1);

5 (5) has submitted to the appropriate regulatory
6 official the application form prescribed by the regulatory official
7 under Section 180.053 and the information required under Section
8 180.054; and

9 (6) was registered in the Nationwide Mortgage
10 Licensing System and Registry as a loan originator during the
11 one-year period preceding the date on which the individual
12 submitted to the appropriate regulatory official the application
13 form and information required by Subdivision (5).

14 (b) An individual licensed by another state or governmental
15 jurisdiction to engage in mortgage loan origination in that other
16 state or governmental jurisdiction is considered to have temporary
17 authority to act as a residential mortgage loan originator in this
18 state for a period not to exceed 120 days as provided by Subsection
19 (d) if the individual:

20 (1) is employed by an entity that is licensed or
21 registered by this state to engage in the business of residential
22 mortgage loan origination in this state;

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

25 (3) held the license issued by another state or
26 governmental jurisdiction to engage in mortgage loan origination
27 during the 30-day period preceding the date on which the individual

1 submitted to the appropriate regulatory official the application
2 form required under Section 180.053 and the information required
3 under Section 180.054.

4 (c) A residential mortgage loan originator licensed by a
5 regulatory official to engage in business as a mortgage loan
6 originator in this state under a chapter listed in Section
7 180.051(a)(1) is considered to have temporary authority to act as a
8 residential mortgage loan originator under a different chapter
9 listed in Section 180.051(a)(1) for a period not to exceed 120 days
10 as provided by Subsection (d) if the individual:

11 (1) is employed by an entity that is licensed or
12 registered by this state to engage in the business of residential
13 mortgage loan origination in this state;

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

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

22 (d) The 120-day period of temporary authority described
23 under this section begins on the date on which the individual
24 submits to the appropriate regulatory official the application form
25 required under Section 180.053 and the information required under
26 Section 180.054 and ends on the earliest of:

27 (1) the date on which the individual withdraws the

1 application;

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

4 (3) the date on which the regulatory official issues
5 the individual a license; or

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

10 (e) A person employing an individual who is considered to
11 have temporary authority to act as a residential mortgage loan
12 originator in this state under this section is subject to the
13 requirements of applicable federal and state laws and to applicable
14 rules and regulations to the same extent as if that individual was a
15 residential mortgage loan originator licensed by this state.

16 (f) An individual who is considered to have temporary
17 authority to act as a residential mortgage loan originator in this
18 state under this section and who engages in residential mortgage
19 loan origination activities is subject to the requirements of
20 applicable federal and state laws and to applicable rules and
21 regulations to the same extent as if that individual was a
22 residential mortgage loan originator licensed by this state.

23 SECTION 4. Section 342.0515(b), Finance Code, is amended to
24 read as follows:

25 (b) Unless exempt under Section 180.003, or acting under the
26 temporary authority described under Section 180.0511, an
27 individual who acts as a residential mortgage loan originator in

1 the making, transacting, or negotiating of a loan subject to this
2 chapter must:

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

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

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

9 SECTION 5. Section 347.4515(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 described under Section 180.0511, an
13 individual who acts as a residential mortgage loan originator in
14 the making, transacting, or negotiating of an extension of credit
15 subject to this chapter must:

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

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

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

22 SECTION 6. Section 348.5015(b), Finance Code, is amended to
23 read as follows:

24 (b) Unless exempt under Section 180.003, or acting under the
25 temporary authority described under Section 180.0511, an
26 individual who acts as a residential mortgage loan originator in
27 the sale of a motor vehicle to be used as a principal dwelling must:

1 (1) be licensed to engage in that activity under this
2 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 351.0515(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 described under Section 180.0511, an
11 individual who acts as a residential mortgage loan originator in
12 the making, transacting, or negotiating of a property tax loan for a
13 principal dwelling must:

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

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

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

20 SECTION 8. Section 180.0511, Finance Code, as added by this
21 Act, applies only to an application for a residential mortgage loan
22 originator license submitted to the appropriate regulatory
23 official, as defined by Section 180.002, Finance Code, on or after
24 the effective date of this Act. An application for a residential
25 mortgage loan originator license submitted before that date is
26 governed by the law in effect on the date the application was
27 submitted, and the former law is continued in effect for that

1 purpose.

2 SECTION 9. This Act takes effect November 24, 2019.