

1-1 By: Creighton S.B. No. 2330  
 1-2 (In the Senate - Filed March 8, 2019; March 21, 2019, read  
 1-3 first time and referred to Committee on Business & Commerce;  
 1-4 April 9, 2019, reported adversely, with favorable Committee  
 1-5 Substitute by the following vote: Yeas 9, Nays 0; April 9, 2019,  
 1-6 sent to printer.)

1-7 COMMITTEE VOTE

	Yea	Nay	Absent	PNV
1-8				
1-9	X			
1-10	X			
1-11	X			
1-12	X			
1-13	X			
1-14	X			
1-15	X			
1-16	X			
1-17	X			

1-18 COMMITTEE SUBSTITUTE FOR S.B. No. 2330 By: Creighton

1-19 A BILL TO BE ENTITLED  
 1-20 AN ACT

1-21 relating to the temporary authority of certain individuals to  
 1-22 engage in business as a residential mortgage loan originator.

1-23 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-24 SECTION 1. Section 157.012(a), Finance Code, is amended to  
 1-25 read as follows:

1-26 (a) An individual may not act or attempt to act in the  
 1-27 capacity of a residential mortgage loan originator unless the  
 1-28 individual is exempt under Section 157.0121 or 180.003(b), is  
 1-29 acting under the temporary authority described under Section  
 1-30 180.0511, or:

1-31 (1) is licensed under this chapter, sponsored by an  
 1-32 appropriate entity, and enrolled with the Nationwide Mortgage  
 1-33 Licensing System and Registry as required by Section 180.052; and

1-34 (2) complies with other applicable requirements of  
 1-35 Chapter 180 and rules adopted by the finance commission under that  
 1-36 chapter.

1-37 SECTION 2. Section 180.051(a), Finance Code, is amended to  
 1-38 read as follows:

1-39 (a) Unless exempted by Section 180.003 or acting under the  
 1-40 temporary authority described under Section 180.0511, an  
 1-41 individual may not engage in business as a residential mortgage  
 1-42 loan originator with respect to a dwelling located in this state  
 1-43 unless the individual:

1-44 (1) is licensed to engage in that business under  
 1-45 Chapter 156, 157, 342, 347, 348, or 351; and

1-46 (2) complies with the requirements of this chapter.

1-47 SECTION 3. Subchapter B, Chapter 180, Finance Code, is  
 1-48 amended by adding Section 180.0511 to read as follows:

1-49 Sec. 180.0511. TEMPORARY AUTHORITY TO ORIGINATE LOANS.

1-50 (a) A registered mortgage loan originator who does not hold a  
 1-51 license issued under a chapter listed in Section 180.051(a)(1) is  
 1-52 considered to have temporary authority to act as a residential  
 1-53 mortgage loan originator for a period not to exceed 120 days as  
 1-54 provided by Subsection (d) if the individual:

1-55 (1) becomes employed by an entity that is licensed or  
 1-56 registered by this state to engage in the business of residential  
 1-57 mortgage loan origination in this state;

1-58 (2) has not had:

1-59 (A) an application for a residential mortgage  
 1-60 loan originator license or other loan originator license required

2-1 by another jurisdiction to engage in business as a residential  
 2-2 mortgage loan originator denied; or  
 2-3 (B) a residential mortgage loan originator  
 2-4 license or other loan originator license required by another  
 2-5 jurisdiction to engage in business as a residential mortgage loan  
 2-6 originator revoked or suspended in any governmental jurisdiction;  
 2-7 (3) has not been subject to or served with a cease and  
 2-8 desist order:  
 2-9 (A) in any governmental jurisdiction; or  
 2-10 (B) under 12 U.S.C. Section 5113(c);  
 2-11 (4) has not been convicted of a misdemeanor or felony  
 2-12 that would preclude licensure to engage in business as a  
 2-13 residential mortgage loan originator in this state under the  
 2-14 chapters listed in Section 180.051(a)(1);  
 2-15 (5) has submitted to the appropriate regulatory  
 2-16 official the application form prescribed by the regulatory official  
 2-17 under Section 180.053 and the information required under Section  
 2-18 180.054; and  
 2-19 (6) was registered in the Nationwide Mortgage  
 2-20 Licensing System and Registry as a loan originator during the  
 2-21 one-year period preceding the date on which the individual  
 2-22 submitted to the appropriate regulatory official the application  
 2-23 form and information required by Subdivision (5).  
 2-24 (b) An individual licensed by another state or governmental  
 2-25 jurisdiction to engage in mortgage loan origination in that other  
 2-26 state or governmental jurisdiction is considered to have temporary  
 2-27 authority to act as a residential mortgage loan originator in this  
 2-28 state for a period not to exceed 120 days as provided by Subsection  
 2-29 (d) if the individual:  
 2-30 (1) is employed by an entity that is licensed or  
 2-31 registered by this state to engage in the business of residential  
 2-32 mortgage loan origination in this state;  
 2-33 (2) meets the eligibility requirements provided by  
 2-34 Subsections (a)(2), (3), (4), and (5); and  
 2-35 (3) held the license issued by another state or  
 2-36 governmental jurisdiction to engage in mortgage loan origination  
 2-37 during the 30-day period preceding the date on which the individual  
 2-38 submitted to the appropriate regulatory official the application  
 2-39 form required under Section 180.053 and the information required  
 2-40 under Section 180.054.  
 2-41 (c) A residential mortgage loan originator licensed by a  
 2-42 regulatory official to engage in business as a mortgage loan  
 2-43 originator in this state under a chapter listed in Section  
 2-44 180.051(a)(1) is considered to have temporary authority to act as a  
 2-45 residential mortgage loan originator under a different chapter  
 2-46 listed in Section 180.051(a)(1) for a period not to exceed 120 days  
 2-47 as provided by Subsection (d) if the individual:  
 2-48 (1) is employed by an entity that is licensed or  
 2-49 registered by this state to engage in the business of residential  
 2-50 mortgage loan origination in this state;  
 2-51 (2) meets the eligibility requirements provided by  
 2-52 Subsections (a)(2), (3), (4), and (5); and  
 2-53 (3) held the license issued by the regulatory official  
 2-54 to engage in business as a residential mortgage loan originator  
 2-55 during the 30-day period preceding the date on which the individual  
 2-56 submitted to the appropriate regulatory official the application  
 2-57 form required under Section 180.053 and the information required  
 2-58 under Section 180.054.  
 2-59 (d) The 120-day period of temporary authority described  
 2-60 under this section begins on the date on which the individual  
 2-61 submits to the appropriate regulatory official the application form  
 2-62 required under Section 180.053 and the information required under  
 2-63 Section 180.054 and ends on the earliest of:  
 2-64 (1) the date on which the individual withdraws the  
 2-65 application;  
 2-66 (2) the date on which the regulatory official denies  
 2-67 or issues a notice of intent to deny the application;  
 2-68 (3) the date on which the regulatory official issues  
 2-69 the individual a license; or

3-1 (4) the 120th day after the date on which the  
3-2 individual submitted the application, if the application is listed  
3-3 on the Nationwide Mortgage Licensing System and Registry as  
3-4 incomplete.

3-5 (e) A person employing an individual who is considered to  
3-6 have temporary authority to act as a residential mortgage loan  
3-7 originator in this state under this section is subject to the  
3-8 requirements of applicable federal and state laws and to applicable  
3-9 rules and regulations to the same extent as if that individual was a  
3-10 residential mortgage loan originator licensed by this state.

3-11 (f) An individual who is considered to have temporary  
3-12 authority to act as a residential mortgage loan originator in this  
3-13 state under this section and who engages in residential mortgage  
3-14 loan origination activities is subject to the requirements of  
3-15 applicable federal and state laws and to applicable rules and  
3-16 regulations to the same extent as if that individual was a  
3-17 residential mortgage loan originator licensed by this state.

3-18 SECTION 4. Section 342.0515(b), Finance Code, is amended to  
3-19 read as follows:

3-20 (b) Unless exempt under Section 180.003, or acting under the  
3-21 temporary authority described under Section 180.0511, an  
3-22 individual who acts as a residential mortgage loan originator in  
3-23 the making, transacting, or negotiating of a loan subject to this  
3-24 chapter must:

3-25 (1) be individually licensed to engage in that  
3-26 activity under this chapter;

3-27 (2) be enrolled with the Nationwide Mortgage Licensing  
3-28 System and Registry as required by Section 180.052; and

3-29 (3) comply with other applicable requirements of  
3-30 Chapter 180 and rules adopted under that chapter.

3-31 SECTION 5. Section 347.4515(b), Finance Code, is amended to  
3-32 read as follows:

3-33 (b) Unless exempt under Section 180.003, or acting under the  
3-34 temporary authority described under Section 180.0511, an  
3-35 individual who acts as a residential mortgage loan originator in  
3-36 the making, transacting, or negotiating of an extension of credit  
3-37 subject to this chapter must:

3-38 (1) be individually licensed to engage in that  
3-39 activity under this chapter;

3-40 (2) be enrolled with the Nationwide Mortgage Licensing  
3-41 System and Registry as required by Section 180.052; and

3-42 (3) comply with other applicable requirements of  
3-43 Chapter 180 and rules adopted under that chapter.

3-44 SECTION 6. Section 348.5015(b), Finance Code, is amended to  
3-45 read as follows:

3-46 (b) Unless exempt under Section 180.003, or acting under the  
3-47 temporary authority described under Section 180.0511, an  
3-48 individual who acts as a residential mortgage loan originator in  
3-49 the sale of a motor vehicle to be used as a principal dwelling must:

3-50 (1) be licensed to engage in that activity under this  
3-51 chapter;

3-52 (2) be enrolled with the Nationwide Mortgage Licensing  
3-53 System and Registry as required by Section 180.052; and

3-54 (3) comply with other applicable requirements of  
3-55 Chapter 180 and rules adopted under that chapter.

3-56 SECTION 7. Section 351.0515(b), Finance Code, is amended to  
3-57 read as follows:

3-58 (b) Unless exempt under Section 180.003, or acting under the  
3-59 temporary authority described under Section 180.0511, an  
3-60 individual who acts as a residential mortgage loan originator in  
3-61 the making, transacting, or negotiating of a property tax loan for a  
3-62 principal dwelling must:

3-63 (1) be individually licensed to engage in that  
3-64 activity under this chapter;

3-65 (2) be enrolled with the Nationwide Mortgage Licensing  
3-66 System and Registry as required by Section 180.052; and

3-67 (3) comply with other applicable requirements of  
3-68 Chapter 180 and rules adopted under that chapter.

3-69 SECTION 8. Section 180.0511, Finance Code, as added by this

4-1 Act, applies only to an application for a residential mortgage loan  
4-2 originator license submitted to the appropriate regulatory  
4-3 official, as defined by Section 180.002, Finance Code, on or after  
4-4 the effective date of this Act. An application for a residential  
4-5 mortgage loan originator license submitted before that date is  
4-6 governed by the law in effect on the date the application was  
4-7 submitted, and the former law is continued in effect for that  
4-8 purpose.

4-9 SECTION 9. This Act takes effect November 24, 2019.

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