

1-1 By: Rodríguez S.B. No. 1203
 1-2 (In the Senate - Filed March 10, 2015; March 17, 2015, read
 1-3 first time and referred to Committee on Business and Commerce;
 1-4 April 22, 2015, reported adversely, with favorable Committee
 1-5 Substitute by the following vote: Yeas 7, Nays 0; April 22, 2015,
 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. 1203 By: Watson

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

1-21 relating to exemptions from the applicability of the Texas Secure
 1-22 and Fair Enforcement for Mortgage Licensing Act of 2009 and other
 1-23 laws applicable to residential mortgage loan originators.

1-24 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

1-25 SECTION 1. Section 156.202(a-1), Finance Code, is amended
 1-26 to read as follows:

1-27 (a-1) The following entities are exempt from this chapter:

1-28 (1) a nonprofit organization:

1-29 (A) providing self-help housing that originates
 1-30 zero interest residential mortgage loans for borrowers who have
 1-31 provided part of the labor to construct the dwelling securing the
 1-32 loan; or

1-33 (B) that has designation as a Section 501(c)(3)
 1-34 organization by the Internal Revenue Service and originates
 1-35 residential mortgage loans for borrowers who, through a self-help
 1-36 program, have provided at least 200 labor hours or 65 percent of the
 1-37 labor to construct the dwelling securing the loan;

1-38 (2) a mortgage banker registered under Chapter 157;

1-39 (3) any owner of residential real estate who in any
 1-40 12-consecutive-month period makes no more than five residential
 1-41 mortgage loans to purchasers of the property for all or part of the
 1-42 purchase price of the residential real estate against which the
 1-43 mortgage is secured; and

1-44 (4) an entity that is:

1-45 (A) a depository institution;

1-46 (B) a subsidiary of a depository institution that
 1-47 is:

1-48 (i) owned and controlled by the depository
 1-49 institution; and

1-50 (ii) regulated by a federal banking agency;

1-51 or

1-52 (C) an institution regulated by the Farm Credit
 1-53 Administration.

1-54 SECTION 2. Section 157.0121(c), Finance Code, is amended to
 1-55 read as follows:

1-56 (c) Employees of the following entities, when acting for the
 1-57 benefit of those entities, are exempt from the licensing and other
 1-58 requirements of this chapter applicable to residential mortgage
 1-59 loan originators:

1-60 (1) a nonprofit organization:

1-61 (A) providing self-help housing that originates
 1-62 zero interest residential mortgage loans for borrowers who have

2-1 provided part of the labor to construct the dwelling securing the
2-2 loan; or

2-3 (B) that has designation as a Section 501(c)(3)
2-4 organization by the Internal Revenue Service and originates
2-5 residential mortgage loans for borrowers who, through a self-help
2-6 program, have provided at least 200 labor hours or 65 percent of the
2-7 labor to construct the dwelling securing the loan;

2-8 (2) any owner of residential real estate who in any
2-9 12-consecutive-month period makes no more than five residential
2-10 mortgage loans to purchasers of the property for all or part of the
2-11 purchase price of the residential real estate against which the
2-12 mortgage is secured; and

2-13 (3) an entity that is:

2-14 (A) a depository institution;

2-15 (B) a subsidiary of a depository institution that
2-16 is:

2-17 (i) owned and controlled by the depository
2-18 institution; and

2-19 (ii) regulated by a federal banking agency;

2-20 or

2-21 (C) an institution regulated by the Farm Credit
2-22 Administration.

2-23 SECTION 3. Section 180.003(a), Finance Code, is amended to
2-24 read as follows:

2-25 (a) The following persons are exempt from this chapter:

2-26 (1) a registered mortgage loan originator when acting
2-27 for an entity described by Section 180.002(16)(A)(i), (ii), or
2-28 (iii);

2-29 (2) an individual who offers or negotiates terms of a
2-30 residential mortgage loan with or on behalf of an immediate family
2-31 member of the individual;

2-32 (3) a licensed attorney who negotiates the terms of a
2-33 residential mortgage loan on behalf of a client as an ancillary
2-34 matter to the attorney's representation of the client, unless the
2-35 attorney:

2-36 (A) takes a residential mortgage loan
2-37 application; and

2-38 (B) offers or negotiates the terms of a
2-39 residential mortgage loan;

2-40 (4) an individual who offers or negotiates terms of a
2-41 residential mortgage loan secured by a dwelling that serves as the
2-42 individual's residence;

2-43 (5) ~~[a nonprofit organization providing self-help
2-44 housing that originates zero interest residential mortgage loans
2-45 for borrowers who have provided part of the labor to construct the
2-46 dwelling securing the loan;~~

2-47 ~~[(6)]~~ an owner of residential real estate who in any
2-48 12-consecutive-month period makes no more than five residential
2-49 mortgage loans to purchasers of the property for all or part of the
2-50 purchase price of the residential real estate against which the
2-51 mortgage is secured; and

2-52 (6) ~~[(7)]~~ an owner of a dwelling who in any
2-53 12-consecutive-month period makes no more than five residential
2-54 mortgage loans to purchasers of the property for all or part of the
2-55 purchase price of the dwelling against which the mortgage or
2-56 security interest is secured.

2-57 SECTION 4. The provisions of this Act or the applications of
2-58 those provisions are severable as provided by Section 311.032(c),
2-59 Government Code. If the director of the Consumer Financial
2-60 Protection Bureau determines that any provision of Sections 1
2-61 through 3 of this Act fails to meet the requirements of the federal
2-62 Secure and Fair Enforcement for Mortgage Licensing Act of 2008
2-63 (Pub. L. No. 110-289), that provision of this Act shall be held
2-64 invalid; however, the remainder of this Act or the application of
2-65 the provision to other persons or circumstances is not affected.

2-66 SECTION 5. This Act takes effect September 1, 2015.

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