

- SUBJECT:** Exempting property owners from mortgage loan company requirements
- COMMITTEE:** Investments and Financial Services — committee substitute recommended
- VOTE:** 6 ayes — Parker, Stephenson, Burrows, Dean, Holland, Longoria
- 0 nays
- 1 absent — E. Johnson
- WITNESSES:** For — Veronica Carbajal and Teresa K-Sue Park, Texas Rio Grande Legal Aid; (*Registered, but did not testify:* Trish McAllister, Texas Access to Justice Commission; Julia Parenteau, Texas Association of Realtors; Nate Walker, Texas Low Income Housing Information Service; Jocelyn Fowler; Cathryn Ibarra)
- Against — (*Registered, but did not testify:* Adam Cahn, Cahnman's Musings)
- On — (*Registered, but did not testify:* Caroline Jones, Department of Savings and Mortgage Lending)
- BACKGROUND:** Finance Code, ch. 156 establishes the Residential Mortgage Loan Company Licensing and Registration Act. Finance Code, ch. 157 creates the Mortgage Banker Registration and Residential Mortgage Loan Originators License Act, and Finance Code, ch. 180 is the Texas Secure and Fair Enforcement for Mortgage Licensing Act, which covers residential mortgage loan originators. The chapters exempt certain entities from their requirements, including owners of residential real estate or dwellings who in a 12-consecutive-month period make no more than five residential mortgage loans to purchasers of the property for all or part of the purchase price of the real estate against which the mortgage is secured.
- DIGEST:** CSHB 3088 would add criteria to determine if two or more residential property owners were considered one owner for purposes of determining

an exemption from certain regulations applied to residential mortgage loan companies and residential mortgage loan originators.

Under the bill, two or more owners of residential real estate would be considered a single owner when computing the number of mortgage loans made within a specified period if any of the owners were affiliates or if any of the owners had substantially common ownership. The same criteria would be applied to owners of dwellings when determining certain exemptions from requirements applied to residential loan mortgage originators.

The savings and mortgage lending commissioner would decide if owners had substantially common ownership. The bill would define owners of residential real estate to include corporations, limited partnerships, limited liability companies, professional associations, cooperatives, and real estate investment trusts.

The bill would take effect September 1, 2017.

NOTES:

A companion bill, SB 1993 by Rodríguez, was referred to the Senate Business and Commerce Committee on March 27.