

## BILL ANALYSIS

Senate Research Center

H.B. 1716  
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Business & Commerce  
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Engrossed

### AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

Currently, an employee of a bank is exempt from licensure as a loan officer. However, Primerica, a subsidiary of Citibank, contracts with exclusive independent representatives who perform the same functions as a bank employee, but still have to go through the licensing process. These representatives are prohibited from soliciting, processing, negotiating, or placing a mortgage loan with a person other than the registered financial service company for which they work.

H.B. 1716 exempts from the requirement to obtain a license exclusive independent contractors who work for companies defined as a registered financial service company (company). The company, in turn, serves as the mortgage broker and assumes responsibility for the independent contractors, and must report to the savings and loan commissioner (commissioner) and satisfy certain criteria in order to be granted licenses based upon the commissioner's findings.

### RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

### SECTION BY SECTION ANALYSIS

SECTION 1. Amends Section 156.002, Finance Code, by adding Subdivision (11), to define "registered financial services company."

SECTION 2. Amends Section 156.202, Finance Code, to exempt an individual who is an exclusive agent of a registered financial services company (company) under a written agreement prohibiting the individual from soliciting, processing, negotiating, or placing a mortgage loan with a person other than the company or an affiliate of that company from this chapter (Mortgage Brokers). Makes nonsubstantive changes.

SECTION 3. Amends Subchapter C, Chapter 156, Finance Code, by adding Section 156.214, as follows:

Sec. 156.214. REGISTERED FINANCIAL SERVICES COMPANY. (a) Authorizes a company to perform the services of a mortgage broker as if the company were licensed as a mortgage broker under this chapter, through individuals who are the exclusive agents of the company.

(b) Sets forth the requirements for a person to be eligible to register as a company.

(c) Requires the savings and loan commissioner (commissioner) to issue a registration to a person, if the commissioner determines that the person has met the requirements of Subsection (b). Provides that the registration is valid for one year and is authorized to be renewed on or before its expiration date. Authorizes a person to renew an expired license under Section 156.2081(b).

(d) Provides that a company is subject to Subchapter D (License Revocation and Suspension and Other Actions Against License Holder) and Subchapter E

(Hearings; Judicial Review; Civil Actions; Unlicensed Activity) as if the company were licensed as a mortgage broker.

(e) Prohibits any person from being an exclusive agent of a company without the prior consent of the commissioner if the individual has been convicted, pled guilty or nolo contendere, or agreed to enter into a pretrial diversion or similar program for an offense, or if the individual has been the subject of a revocation or suspension of any professional license in this state or any other jurisdiction.

(f) Requires the company to submit required information to the commissioner prior to permitting an exclusive agent to solicit, process, negotiate, or place a mortgage loan. Requires the commissioner to obtain criminal history record information as provided in Section 156.206(b). Authorizes the commissioner to assess a fee in a certain amount determined by the finance commission to cover the cost of the criminal background check. Provides that this section does not apply to a person who is licensed as a mortgage broker or loan officer under Chapter 156 at the time he or she becomes an exclusive agent of a company.

(g) Requires the commissioner to notify the person and the company of the determination as to the person's eligibility to be an exclusive agent. Authorizes a person deemed ineligible to appeal the commissioner's decision in the same manner as an appeal made under Section 156.209.

SECTION 4. Effective date: September 1, 2007.