

Title 7. Banking and Securities

Part 1. Finance Commission of Texas

Chapter 2. Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner

Subchapter A. Application Procedures

§2.108. Military Licensing

The Finance Commission of Texas (commission) adopts new §2.108 (relating to Military Licensing), in 7 TAC, Chapter 2, concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner.

The commission adopts new §2.108 without changes to the proposed text as published in the August 30, 2019, issue of the *Texas Register* (44 TexReg 4599).

The commission received no written comments on the proposal.

In general, the purpose of new §2.108 is to specify residential mortgage loan originator licensing requirements for military service members, military veterans, and military spouses, in accordance with Chapter 55 of the Texas Occupations Code, as amended by SB 1200, which the Texas Legislature passed in the 2019 legislative session.

Chapter 55 of the Texas Occupations Code describes licensing requirements for military service members, military veterans, and military spouses. Chapter 55 applies to licenses that "must be obtained by an individual to engage in a particular business." Tex. Occ. Code §55.001(3). Chapter 55 includes an exemption for fees or penalties based on late renewal; an expedited license application procedure for certain previously licensed individuals; and a provision to credit military service, training, or education toward licensing

requirements. SB 1200 adds a new section to Chapter 55, providing that a military spouse may engage in a licensed occupation in Texas without an applicable license, if the spouse is licensed in good standing in another jurisdiction with licensing requirements that are substantially equivalent to Texas's requirements.

Adopted new §2.108 specifies residential mortgage loan originator licensing requirements for military service members, military veterans, and military spouses, in accordance with Chapter 55. Subsection (a) explains the purpose of the section. Subsection (b) incorporates definitions from Texas Occupations Code, §55.001. Subsection (c) describes an exemption for fees or penalties based on late renewal. Subsection (d) describes the expedited license application procedure for certain previously licensed individuals. Subsection (e) describes the authority for a military spouse licensed in another jurisdiction to operate in Texas, in accordance with SB 1200. Under subsection (e), the OCCC will consider a residential mortgage loan originator to be licensed in a jurisdiction with substantially equivalent requirements if the residential mortgage loan originator is licensed in accordance with the federal S.A.F.E. Mortgage Licensing Act, 12 U.S.C. §§5101-5117. Subsection (f) explains that military service, training, or education will be credited toward licensing requirements as part of an applicant's employment history.

The OCCC distributed an early precomment draft of proposed changes to interested stakeholders for review and then held a stakeholder meeting and webinar regarding the rule changes. The OCCC did not receive any informal written precomments on the rule text draft.

The new rule is adopted under Texas Occupations Code, §§55.002, 55.004(a), 55.0041(e) (as added by SB 1200), and 55.007(b), which authorize a state agency to adopt rules implementing requirements of Chapter 55 of the Texas Occupations Code. In addition, Texas Finance Code, §180.004(b) grants the commission the authority to implement rules to comply with Texas Finance Code, Chapter 180.

The statutory provisions affected by the adoption are contained in Texas Occupations Code, Chapter 55 and Texas Finance Code, Chapter 180.

§2.108. Military Licensing.

(a) Purpose. The purpose of this section is to specify residential mortgage loan originator licensing requirements for military service members, military veterans, and military spouses, in accordance with Texas Occupations Code, Chapter 55.

(b) Definitions. In this section, the terms "military service member," "military spouse," and "military veteran" have the meanings provided by Texas Occupations Code, §55.001.

(c) Late renewal. As provided by Texas Occupations Code, §55.002, an individual is exempt from any increased fee or other penalty for failing to renew a residential mortgage loan originator license in a timely manner, if the individual establishes to the satisfaction of the OCCC that the individual

failed to renew the license in a timely manner because the individual was serving as a military service member.

(d) Expedited license procedure. As provided by Texas Occupations Code, §55.004 and §55.005, the OCCC will process a license application as soon as practicable and issue a license to a qualifying applicant who is a military service member, military veteran, or military spouse, if the applicant:

(1) holds a current license in another jurisdiction as a residential mortgage loan originator in accordance with the S.A.F.E. Mortgage Licensing Act, 12 U.S.C. §§5101-5117; or

(2) held a residential mortgage loan originator license in Texas within the five years preceding the application date.

(e) Authorization for military spouse.

(1) As provided by Texas Occupations Code, §55.0041, a military spouse may engage in business as a residential mortgage loan originator if the spouse is currently licensed in good standing in another jurisdiction as a residential mortgage loan originator in accordance with the S.A.F.E. Mortgage Licensing Act, 12 U.S.C. §§5101-5117.

(2) Before engaging in business in Texas, the military spouse must comply with the notification requirements described by Texas Occupations Code, §55.0041(b). If the military spouse does not obtain a residential mortgage loan originator license in Texas, then the military spouse is limited to the time period described by Texas Occupations Code, §55.0041(d).

(3) For purposes of this subsection and Texas Occupations Code, §55.0041, a residential mortgage loan originator license issued in another jurisdiction is substantially

equivalent to a Texas residential mortgage loan originator license if it is issued in accordance with the S.A.F.E. Mortgage Licensing Act, 12 U.S.C. §§5101-5117. The OCCC will verify a license issued in another jurisdiction through NMLS.

(f) Credit toward licensing requirements. As provided by Texas Occupations Code, §55.007, with respect to an applicant who is a military service member or military veteran, the OCCC will credit verified military service, training, or education toward the licensing requirements, other than an examination requirement, for a residential mortgage loan originator license, by considering the service, training, or education as part of the applicant's employment history.

Certification

This agency hereby certifies that the adoption has been reviewed by legal counsel and found to be within the agency's legal authority to adopt.

Issued in Austin, Texas on October 18, 2019.

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