



Home Equity Terminology Advisory Bulletin

August 25, 2011

Texas recently revised and modernized regulation of mortgage brokers to be consistent with applicable federal law. Effective September 1, 2011, the term “**mortgage broker**” has been abandoned. Mortgage broker companies licensed under chapter 156 will now be called “**mortgage companies**,” and individuals will be designated as “**residential mortgage loan originator**” (see, e.g., Texas Finance Code Chapter 156, as amended effective September 1, 2011.)

The Texas Constitution identifies “a person regulated by this state as a mortgage broker” as a person that may originate a home equity loan (Tex. Const. Art. XVI §50(a)(6)(P)(vi)).

Accordingly, a person regulated by this state who is licensed under Texas Finance Code Chapter 156 may originate a home equity loan, as provided by Texas Constitution Article XVI §50(a)(6)(P)(vi).