

**Title 7. Banking and Securities
Part 4. Department of Savings and
Mortgage Lending**

**Chapter 81. Mortgage Bankers and
Residential Mortgage Loan Originators
Subchapter B. Licensing**

7 TAC § 81.110

The Finance Commission of Texas (the commission), on behalf of the Department of Savings and Mortgage Lending (the department), proposes a new § 81.110, concerning licensing of Military Service Members, Military Veterans, and Military Spouses. The new rule is proposed to implement Occupations Code Chapter 55 as it relates to the department. The new rule is proposed in response to SB 1200, which provides that a military spouse may engage in a licensed occupation in Texas without an applicable license, if certain conditions are met.

Caroline C. Jones, the Department of Savings and Mortgage Lending Commissioner, has determined that for the first five-year period the proposed rules are in effect, there will be no fiscal implications for state government or for local government as a result of enforcing or administering the rule.

Commissioner Jones also has determined that, for each year of the first five years the rules as proposed are in effect, the public benefit anticipated as a result of enforcing the rules is that applicable individuals may be able to begin working in the mortgage industry sooner.

For each year of the first five years that the rules will be in effect, there will be no

economic costs to persons required to comply with the rule as proposed.

For each year of the first five years that the rules will be in effect, the rules will not:

- create or eliminate a government program;
- require the creation of new employee positions or the elimination of existing employee positions;
- require an increase or decrease in future legislative appropriations to the agency;
- require an increase or decrease in fees paid to the agency;
- increase or decrease the number of individuals subject to the rule's applicability; or
- positively or adversely affect this state's economy.

The rules create new regulations concerning licensing Military Service Members, Military Veterans, and Military Spouses.

There will be no adverse economic effect on small businesses, micro-businesses, or rural communities. There will be no difference in the cost of compliance for these entities.

To be considered, comments on the proposed new sections must be submitted in writing to Devyn F. Wills, Associate General Counsel, Department of Savings and Mortgage Lending, 2601 North Lamar Boulevard, Suite 201, Austin, Texas 78705-4294 or by email to smlinfo@sml.texas.gov within 30 days of publication in the *Texas Register*.

The new rule is proposed under Occupations Code §55.002, which provides that a state agency that issues a license shall adopt rules

regarding exempting certain individuals from penalties for failure to renew a license; Occupations Code §55.004(a), which provides that a state agency that issues a license shall adopt rules regarding alternative licensing for Military Service Members, Military Veterans, and Military Spouses; Occupations Code §55.0041(e), which provides that a state agency that issues a license shall adopt rules regarding recognizing out-of-state licenses of Military Spouses; Occupations Code §55.007(b), which provides that a state agency that issues a license shall adopt rules regarding license eligibility requirements for applicants with military experience; Finance Code §156.102, which provides that the finance commission may adopt and enforce rules necessary for the intent of or to ensure compliance with Chapter 156; Finance Code §157.0023, which provides that the finance commission may adopt and enforce rules necessary for the intent of or to ensure compliance with Chapter 157; and Finance Code §180.004, which provides that the finance commission may implement rules necessary to comply with Chapter 180.

Other statutes affected by the proposed new rules are found in Finance Code Chapters 156, 157, and 180.

§81.110. Licensing of Military Service Members, Military Veterans, and Military Spouses.

(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 department 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 department 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.

Devyn F. Wills
Associate General Counsel
Department of Savings and Mortgage Lending

(2) Before engaging in business in Texas, the military spouse must comply with the 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 department will verify a license issued in another jurisdiction through NMLS.

(f) As provided by Texas Occupations Code, §55.007, with respect to an applicant who is a military service member or military veteran, the department 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

The agency certifies that legal counsel has reviewed the proposal and found it to be within the state agency's legal authority to adopt.