



## NOTICE OF PRECOMMENT DRAFT AND STAKEHOLDERS WEBINAR

### RMLO Military Licensing Requirements (7 TAC § 81.103) July 10, 2023 Pre-comment Draft

The Department of Savings and Mortgage Lending (Department) is considering changes to 7 Texas Administrative Code (TAC) Section (§) 81.103, concerning Licensing of Military Service Members, Military Veterans, and Military Spouses.

The Department will hold a stakeholders webinar on July 19, 2023 at 1:00 p.m. (CDT) to discuss the pre-comment draft of the rule changes.

The Department will also accept informal written pre-comments until July 26, 2023 at 5:00 p.m. (CDT).

The Department plans to present the rule changes for consideration by the Finance Commission at its August 18, 2023, meeting.

#### Participating in the Webinar

The webinar will be conducted using the Teams platform by Microsoft. Registration is required to participate. Persons wishing to participate should click on the following link to register for the webinar: [Webinar Registration Link](#).

#### Submission of Informal Pre-comments

Informal written pre-comments regarding the Department's draft rules may be submitted by email to [rules.comments@sml.texas.gov](mailto:rules.comments@sml.texas.gov). **Informal pre-comments must be received by 5:00 p.m. (CDT) on July 26, 2023.**

#### Overview of Changes:

Changes Concerning the Implementation of SB422. 7 TAC § 81.103 governs licensing requirements for military service members, military veterans, and military spouses applying for an individual residential mortgage loan originator (RMLO) license. The rule changes are designed to implement the requirements of [Senate Bill 422](#) (SB422), enacted by the Texas Legislature during the 88<sup>th</sup> Legislature, Regular Session (2023), that amended [Chapter 55](#) of the Texas Occupations Code. The rule changes, if adopted, would:

- amend 81.103(d) to specify that the Department will process an RMLO application from a military service member, military veteran, or military spouse on or before 30

**RMLO Military Licensing Requirements (7 TAC § 81.103)**  
**July 10, 2023 Pre-comment Draft**

days after the date the license application and request for expedited review (see Changes Concerning Request for Expedited Review) are received; and

- amend 81.103(e) to specify that the subsection applies to military service members.

Changes Concerning Request for Expedited Review. Texas Occupations Code § 55.005 provides that a military service member, military veteran, or military spouse is entitled to expedited review and processing of his or her application for an RMLO license. In order for the Department to have notice of an applicant's military-related status and for the Department to receive sufficient documentation to verify such status, the rule changes, if adopted, would amend 81.103(d) to specify that a military service member, military veteran, or military spouse seeking expedited review of his or her application must make a written request on the appropriate form and provide supporting documentation concerning his or her status as a military service member, military veteran, or military spouse.

Other Modernization and Update Changes. The rule changes, if adopted, would make changes to modernize and update the rules including: adding and replacing language for clarity and to improve readability; removing unnecessary or duplicative provisions; and updating terminology.

**Text of the Rule Changes:**

**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 OF INDIVIDUAL ORIGINATORS**

**7 TAC §81.103**

*§81.103. Licensing of Military Service Members, Military Veterans, and Military Spouses.*

(a) Purpose [~~and Applicability~~]. This [~~The purpose of this~~] section specifies [~~is to specify~~] licensing requirements for military service members, military veterans, and military spouses, in accordance with Occupations Code Chapter 55.

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

(c) Late Renewal (Reinstatement). As provided by Tex. Occ. Code §55.002, an individual is exempt from any increased fee or other penalty for failing to renew his or her originator license in a timely manner if the individual establishes to the satisfaction of the Commissioner that he or she [~~the individual~~] failed to timely renew the license because the individual was serving as a military service member. A military service member who fails to

**RMLO Military Licensing Requirements (7 TAC § 81.103)**  
**July 10, 2023 Pre-comment Draft**

timely renew his or her originator license must seek reinstatement of the license within the time period prescribed by Tex. Fin. Code §157.016; otherwise, the individual must obtain a new license, including complying with the requirements and procedures then in existence for obtaining an original license.

(d) Expedited Review and Processing [~~License Procedure~~]. [~~As provided by~~] Tex. Occ. Code [~~§55.004 and~~] §55.005[~~;~~] provides that a military service member, military veteran, or military spouse is entitled to expedited review and processing of his or her application for an originator license. A military service member, military veteran, or military spouse seeking expedited review of his or her application must, after applying for the license in NMLS, make a written request for expedited review using the form prescribed by the Commissioner and posted on the Department's website (sml.texas.gov), including providing the supporting documentation specified by the form, to enable the Department to verify the individual's status as a military service member, military veteran, or military spouse. The [the] Department, on or before 30 days after the date it receives a complete application and request for expedited review from a qualifying applicant who is a military service member, military veteran, or military spouse, will process the [a license] application [as soon as practicable] and, provided the applicant is otherwise eligible to receive the license, issue a license to the [a qualifying] applicant [who is a military service member, military veteran, or military spouse], if the applicant:

(1) is licensed as an originator in another jurisdiction with substantially equivalent licensing requirements [~~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) was licensed as an originator [~~held a residential mortgage loan originator license~~] in Texas within the 5 [~~five~~] years preceding the date of the application.

(e) Temporary Authority for Military Service Member or Military Spouse. Tex. Occ. Code §55.0041 provides that a military service member or military spouse may engage in a business or occupation for which a license is required without obtaining the applicable license if the member or spouse is currently licensed in good standing in another jurisdiction with substantially equivalent [~~similar~~] licensing requirements. However, federal law imposes specific, comprehensive requirements governing when and under what circumstances an individual licensed [~~sanctioned~~] to act as an originator in another jurisdiction may act under temporary authority in this state (12 U.S.C. §5117 (relating to Employment Transition of Loan Originators)). Tex. Occ. Code §55.0041(c) further requires that a military service member or military spouse "comply with all other laws and regulations applicable to the business or occupation." As a result, a military service member or military spouse seeking to avail himself or herself of the temporary authority conferred by Tex. Occ. Code §55.0041 must apply for and seek temporary authority in accordance with Tex. Fin. Code §180.0511 and §81.102 of this title (relating to Temporary Authority).

(f) Substantial Equivalency. For purposes of this section and Tex. Occ. Code §55.004, an originator [~~a residential mortgage loan originator~~] license issued in another jurisdiction is

**RMLO Military Licensing Requirements (7 TAC § 81.103)**  
**July 10, 2023 Pre-comment Draft**

substantially equivalent to a Texas ~~[residential mortgage loan]~~ originator license if it is issued in accordance with the requirements of the S.A.F.E Mortgage Licensing Act, 12 U.S.C. §§5501-5117. The Department will verify a license issued in another jurisdiction through NMLS.

(g) Credit for Military Experience. As provided by Tex. Occ. 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 requirements for an originator license by considering the service, training, or education as part of the applicant's employment history. The following items cannot be substituted for military service, training, or education:

- (1) the pre-licensing examination, as provided by Tex. Fin. Code §180.057;
- (2) the required pre-licensing education ~~[training]~~ and coursework, as provided by Tex. Fin. Code §180.056 and §81.104 of this title (relating to Required Education); and
- (3) continuing education ~~[training]~~ and coursework, as provided by Tex. Fin. Code §180.060 and §81.104 of this title ~~[(relating to Required Education)]~~.