

BILL ANALYSIS

Senate Research Center
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S.B. 1203
By: Rodríguez
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AUTHOR'S / SPONSOR'S STATEMENT OF INTENT

The Texas Secure and Fair Enforcement for Mortgage Licensing Act of 2009 created narrow exemptions from licensing for nonprofit organizations that provide self-help housing programs and for their employees when the borrowers in these programs obtain zero interest residential mortgage loans. There are a very limited number of lenders—generally the United States Department of Agriculture, the Texas Department of Housing and Community Affairs, and a handful of private lenders—that will make mortgage loans to the borrowers in these programs. Some, but not all, of the loans available to these borrowers are zero interest.

As proposed, S.B. 1203 amends current law relating to exemptions from the applicability of the Texas Secure and Fair Enforcement for Mortgage Licensing Act of 2009.

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 Sections 180.003(a) and (c), Finance Code, as follows:

(a) Provides that certain persons are exempt from this chapter, including a nonprofit organization providing self-help housing that originates residential mortgage loans, rather than zero interest residential mortgage loans, for borrowers who have provided part of the labor to construct the dwelling securing the loan.

(c) Requires, rather than authorizes, the Finance Commission of Texas (finance commission) to grant an exemption from the licensing requirements of this chapter to a municipality, county, community development corporation, or public or private grant administrator to the extent the entity is administering the Texas HOME Investment Partnerships program or a program of the Texas Housing Trust Fund if the finance commission determines that granting the exemption is not inconsistent with the intentions of the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (Pub. L. No. 110-289).

SECTION 2. Effective date: September 1, 2015.