



TEXAS

DEPARTMENT OF SAVINGS &
MORTGAGE LENDING

**INDIVIDUAL MORTGAGE BROKER,
LOAN OFFICER, &
ENTITY MORTGAGE BROKER
LICENSING**

**HOW TO GET A LICENSE
&
STAY LICENSED!**

Division of Licensing
Revised April 2008

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Provided in this handout is information that will help guide you through the process of obtaining and retaining an individual mortgage broker and loan officer license, and an entity mortgage broker license. It is not intended to answer all possible questions but it can be a quick reference to most issues facing an applicant or existing licensee.

Contact Information

Website: www.sml.state.tx.us – Specific information regarding Licensing is available by clicking on the 4th blue button titled “Mortgage Broker / Loan Officer Information”

Email: licensing@sml.state.tx.us

Telephone: 512-475-1350 – Main Number (Select Option #2 for Licensing)
877-276-5550 – Toll Free

Fax: 512-475-1360

Statutory Authority

The statutory requirements for licensing are provided in the Texas Mortgage Broker License Act, Chapter 156, Subchapter C, Sections 156.201 through 156.213. While the entire Act is vital for you to know, these specific sections involve your license issuance and retention. Copies of the Act and supporting regulation are available on our website.

Fees

The current fee schedule is provided in Appendix A of this booklet.

All fees received by the department relating to licensing activity are non-refundable and non-transferable.

Forms

All forms relating to licensing are located on our website at:

www.sml.state.tx.us/mortgage1.html.

The title of each form and its use is provided on the web page. In addition, instructions for completing the form are printed on each form, including the associated fee, if applicable. All forms and any attachments should be mailed to:

Texas Department of Savings & Mortgage Lending
Attn: Division of Licensing
2601 N. Lamar, Suite 201
Austin, TX 78705

If no fees or original documentation (e.g., original surety bond or certified court documents) are required, you may submit the form via fax at:

512-475-1360

We will not be able to verify receipt of any fax as we have several fax machines sharing the same telephone number located throughout the department that are constantly busy. (If you absolutely need to have verification that a document was delivered you should send the document via a courier service that provides delivery information, e.g., UPS.)

Fingerprint Requirements

In-state applicants should not send a fingerprint card with the application. The department will mail a FAST PASS to the applicants' home address provided on the application once the application is in process. The FAST PASS includes all the information and instructions necessary to have fingerprints taken with live-scan technology and electronically submitted for processing.

For out-of-state applicants, submit your name and address to licensing@sml.state.tx.us so that a fingerprint card and the Preserving the Chain of Custody form may be sent to you: Fingerprint cards will NOT be mailed to in-state addresses. The fingerprint card must be completed by the person taking your fingerprints and returned directly to the department in the self-addressed envelope provided without breaking the chain of custody.

Mortgage Broker Financial Requirements

Mortgage brokers must demonstrate that they continue to maintain either a personal net worth of at least \$25,000, or have paid for and submitted an original personal surety bond, the value of which is at least \$50,000. (A surety bond in the company's name will NOT be accepted to fulfill this requirement for an individual mortgage broker license.) A recent statutory change eliminated the use of items exempt under the Texas Property Code from being counted as assets on your Personal Financial Statement. For example, a primary residence cannot be listed as an asset, nor will the outstanding mortgage amount be counted as a liability against you. Additional items that are exempt include: lots used for burial of the dead; home furnishings; business tools, equipment and farming implements; two-, three-, or four-wheeled vehicles up to the number of licensed drivers in the family; jewelry; sporting equipment (including bicycles); certain animals; individual retirement plans and pensions (excluding Roth IRAs); payments from stock bonus, pension, profit-sharing or similar plans including annuity or similar contracts; and college savings plans. More specific information may be found by reviewing Chapters 41 and 42 of the Texas Property Code at:

<http://tlo2.tlc.state.tx.us/statutes/statutes.html>

The Texas Department of Insurance keeps a list of approved companies and agents who can provide a surety bond. The list is available on their website at:

www.tdi.state.tx.us/commercial/pcbond.html

Shop around for the best deal. The better your personal financial situation, the better the price will be. Also, it is statutory that the bond be issued for a two-year period that coincides with the term of your broker's license; therefore it is the department's policy that the bond must be paid up front for the two-year period. If you use the bond to fulfill your financial requirement, the original bond must be provided to the department before a license can be issued.

Qualifications for an Individual Mortgage Broker, Loan Officer, or Entity Mortgage Broker License

The qualifications for an Individual Mortgage Broker, Loan Officer, and Entity Mortgage Broker license are provided in Appendix B of this booklet.

Obtaining an Initial Individual Mortgage Broker or Loan Officer License

If you are interested in obtaining a mortgage broker or loan officer license, the following overview will help guide you through your part of the process and explain how the application is handled by the division:

Step 1	Determine if you are required to be licensed because of the work that you want to do and if you are qualified by reviewing the Texas Mortgage Broker License Act and its regulation. (An overview of the qualifications is listed above.)
Step 2	Print a copy of the application form from the SML website. The application is designed for both a Mortgage Broker and Loan Officer applicant. (NOTE: It is <i>extremely</i> important that the most current version of the application be used therefore always download a new copy from the website.)
Step 3	CAREFULLY read all of the instructions before you begin filling out the application. Use the checklist to ensure you provide all of the documentation required to complete your application. If someone else completes the application for you, be certain that you have read the document BEFORE you sign it before a notary public. If any false information is provided, even in error, you will be held accountable as if you had completed the application yourself!
Step 4	Schedule an appointment to take the pre-licensing examination with the provider, Pearson Vue. A mortgage broker applicant must pass the Mortgage Broker Pre-licensing Examination and a loan officer applicant must pass the Loan Officer Pre-licensing Examination, but may take the Mortgage Broker Pre-licensing Examination if so desired. There is no expiration date associated with the pre-licensing examination, nor is there a limit to the numbers of times you can schedule the examination if you have previously failed to receive a passing score.
Step 5	After you (and your sponsoring mortgage broker, if applicable) have completed the application, mail the application to the department at the address in the upper left hand corner of the application. If you are concerned about the safe and timely delivery of your application, you might consider using a mail service that provides delivery information, e.g., UPS or FedEx. (<i>Note: Any application received without the appropriate fee will be immediately returned to the applicant.</i>)
Step 6	You can determine when your application begins processing by checking the link titled: "Mortgage Broker / Loan Officer Search Page", available on our website by first clicking on the blue button titled "Mortgage Broker / Loan Officer Information".
Step 7	The licensing analyst processing your application will generally contact you via email (1 st choice) or by the fax number (2 nd choice) you provide on your application to let you know if your application is complete or if additional information is necessary from you. Remember that "complete" does not mean that it is approved; it only refers to our receipt of the information necessary to begin the review process. Still required might be the processing of your fingerprint information, review of your personal financial statement (if applicable), verification of your lawful alien status, etc. You may continue to receive additional emails from other staff regarding the further processing of your application because of the distribution of functional responsibilities among certain staff members.

<p>Step 8</p>	<p>When it is determined your application package is totally complete and ready for final review, a Licensing Analyst will forward your electronic file either to the Lead Licensing Analyst or to the Investigator, depending on the information gathered on the applicant.</p> <p>If no concerns or omissions are found, the Lead Licensing Analyst will issue the license. If there is a problem, it will be sent back to a Licensing Analyst for additional processing. This is very rare and is handled as a priority until licensed.</p> <p>The Investigator will become involved in an application if during the process it is determined that an additional review of facts is required, such as review of criminal history, alleged unlicensed activity, or providing false or misleading statements or information during the application process.</p> <p>The Investigator will organize and present the facts to the Director of Licensing, who will determine if the file should be discussed with the Commissioner or issued a regular license. If the Director determines the applicant should be issued a regular license, the file will be sent to the Lead Licensing Analyst for issuance of a regular license. Otherwise, the Director will present the file to the Commissioner and the Commissioner, following review and discussion, will make the final decision if a license should be issued as a regular, probationary, or if the application should be denied.</p>
<p>Step 9</p>	<p>If you are granted a license, the website search page, i.e., the Mortgage Broker / Loan Officer Search Page, will be updated immediately upon issuance. The licensee or licensee's sponsor can print a Verification of Licensure from the search page website.</p> <p>If your license is denied, the Commissioner will mail a letter to your home address explaining why your license was denied and your appeal rights.</p>

Exemptions

The Mortgage Broker License Act does not apply to:

- Any of the following entities or an employee of any of the following entities provided the employee is acting for the benefit of the employer:
 - A bank, savings bank, or savings and loan association, or a subsidiary or an affiliate of a bank, savings bank, or savings and loan association.
 - A state or federal credit union, or a subsidiary, affiliate, or credit union service organization of a state or federal credit union.
 - An insurance company licensed or authorized to do business in this state under the Insurance Code.
 - A mortgage banker registered under Chapter 157, the Mortgage Banker Registration Act. (*A "mortgage banker" means a person who: (A) accepts an application for a mortgage loan or makes a mortgage loan; and (B) is an approved or authorized: (i) mortgagee with [an unconditional] direct endorsement underwriting authority granted by the United States Department of Housing and Urban Development (HUD); (ii) seller or servicer of FannieMae or the FreddieMac; or (iii) issuer for the GinnieMae.*)
 - An organization that qualifies for an exemption from state franchise and sales tax as a 501(c)(3) organization.
 - A Farm Credit System institution.
 - A political subdivision of this state involved in affordable home ownership programs.
- An individual who makes a mortgage loan from the individual's own funds to a spouse, former spouse, or persons in the lineal line of consanguinity of the individual lending the money.
- An owner of real property who in any 12-consecutive-month period makes no more than five mortgage loans to purchasers of the property for all or part of the purchase price of the real estate against which the mortgage is secured.
- An individual who:

- Makes a mortgage loan from the individual's own funds;
- Is not an authorized lender under Chapter 342, Finance Code; and
- Does not regularly engage in the business of making or brokering mortgage loans.

Renewing an Individual Mortgage Broker or Loan Officer License

Reminder Notices: You may renew your license as early as 90 days prior to the license expiration date. The division will send reminder letters to all licensees scheduled to renew at least 60 days prior to the expiration date of the license. The letters are sent to the primary business address of the mortgage broker, which is why it is extremely important to keep your address up-to-date. But failure to receive the reminder letter will **not be an excuse to waive any late filing penalty fees**, etc., since it is the licensees' responsibility to ensure their licenses are current.

Online Filing: The quickest and easiest method to renew a license is to file electronically using TexasOnline. You may access the online renewal application by clicking on the red button on our website, www.sml.state.tx.us, titled "Mortgage Broker / Loan Officer License Renewal". It is important that you carefully read the first screen as it alerts you to items that may be required to complete your renewal that are not yet part of the electronic renewal application. You will need to have available your license number and the first 6 numbers of your Social Security Number to gain access to your file. The payment method for filing online is a credit card: Master Card, Visa, or American Express. Applications entered for the day will be downloaded into the department's licensing database the next business day for processing.

Paper Application Filing: If you would rather pay by personal check or money order, or if your license has been expired for less than 91 days, you may file your renewal using the paper application available on our website by clicking on the blue button titled "Mortgage Broker / Loan Officer Information", then clicking on Forms. Download a copy of the Renewal Application and carefully read all instructions before completing the form. It can take up to 10 business days to process a paper renewal application once it is received by the department.

Sponsorship: Loan officers may renew their license without having an active mortgage broker sponsor. Once the application is completed, it will be issued as "inactive" until the licensee provides information regarding new sponsorship. (*Note: A loan officer may not originate any loans while license is inactive.*)

Financial Requirements: Mortgage brokers must demonstrate that they continue to maintain either a net worth of at least \$25,000, or have paid for a personal surety bond, the value of which is at least \$50,000. A recently completed Personal Financial Statement is required if a bond is not purchased. The statement will be reviewed and liabilities will be verified using a current credit report. If a renewing mortgage broker fails to adequately demonstrate a net worth of at least \$25,000, the broker will be required to purchase a bond before the license can be renewed. Failure to provide the original bond within an acceptable timeframe will be grounds for the denial of the renewal application.

Educational Requirements: Both mortgage brokers and loan officers are required to take during the term of their licenses 15 hours of continuing education, including a minimum of 8 hours of Core training, unless they have at least one of the following active Texas licenses: Real Estate Broker or Salesperson (TREC); Attorney (Texas State Bar); or General Lines Agent (Life, Accident, Health, & HMO; or Property & Casualty), Limited Lines Agent (Multiple Lines), or Managing General Agent (TDI).

Renewing an Entity Mortgage Broker License

Reminder Notices: You may renew your license as early as 90 days prior to the license expiration date. The division will send reminder letters to all licensees scheduled to renew at least 60 days prior to the expiration date of the license. The letters are sent to the primary business address of the designated representative, which is why it is extremely important to keep your address up-to-date.

Paper Application Filing: At this time, renewal of an entity mortgage broker license is available only through a paper application. Download a copy of the Entity Mortgage Broker Application, a multi-purpose form, and carefully read all instructions before completing the form. It can take up to 10 business days to process the renewal application once it is received by the department.

WARNING! Applications Can Be Returned or Withdrawn

An application should not be submitted until all information is complete and available to be provided along with the application at the time of submission. Applications which are not materially complete will be returned to the applicant. For example, an application received without the fee or indicates that the pre-licensing examination has not been passed would be considered materially incomplete.

In reviewing and processing an application, the department may request clarifying information from the applicant. Any delay in responding to a request for additional information of more than 30 days will result in the application being considered withdrawn, and will be considered permanently cancelled after 90 days if no response is received. The applicant forfeits any fees paid to the department if the application is withdrawn.

Reactivating an Inactive License

A mortgage broker whose license was voluntarily placed on an inactive status may reactivate the license by submitting a completed Mortgage Broker Change Form and fee. A loan officer can reactivate the license by submitting a completed Loan Officer Change Form, a Loan Officer Sponsor Certification Form, and fee.

Types of Licenses Available to Individual Mortgage Broker & Loan Officer Licensees

There are three types of licenses available to individual applicants: regular, provisional, and probationary.

Regular License

A regular mortgage broker and loan officer license is issued for a two-year term (minus one day) based on the date of issuance to an applicant if all requirements and conditions for licensure are met.

Probationary License

A probationary license is a designation which indicates that the license holder is under a heightened degree of departmental oversight. The licensee may have additional obligations or restrictions placed on his/her license by the Commissioner as conditions of probation. The

reasons for this designation are kept confidential within the department, but the specific conditions of the license will be furnished in writing to the licensee or the licensee's sponsoring broker, and unless otherwise specified, the probationary license holder has all the rights and responsibilities of any other individual licensed by the department. The term of a probationary license is generally two years if granted to a new licensee. The Chief of Enforcement may also issue an agreed order that, once signed by the licensee and the Commissioner, may convert a regular license to a probationary license for some specific period of time in lieu of more severe action. Licensee must request conversion at the end of the two year period.

Provisional License

A provisional license may be issued if there is a significant delay in processing the application, reviewing information related to the application, or to obtain information related to the application. The expiration date varies depending on the extraordinary circumstances that cause the issuance of the provisional license.

A provisional license will also be issued to an applicant that pay a non-refundable \$100 expedited processing fee, and fully complies with the specific requirements of chapter 156.2001 of the MBLAct. Incomplete applications will not be expedited.

How to Obtain a Verification of Licensure

The department does not print or mail licenses to individual licensees or entities. Instead, the ability to print a Verification of Licensure from our website at:

<http://www.sml.state.tx.us:8080/mblolookup/search.jsp>

Verifications are available for the individual licensee, an entity licensee, and any branch or DBA licensed under the individual or entity.

Understanding Educational Requirements

There are three types of designations given approved classes: Core, Ethics, and Continuing Education (CE). It is important when selecting a course that you understand the differences between the designations and which type of course is required for your intended purpose.

Type of Application	Course Type Requirement	Comment
New Applicant		
Mortgage Broker	Depending on experience under the MBLAct, the applicant could require 90 hours (84 hours of Core & 6 hours of Ethics) or 30 hours (28 hours of Core & 2 hours of Ethics) of education.	If needed, a new individual mortgage broker applicant's training must be provided in a <u>classroom</u> or <u>classroom-equivalent setting</u> . No online or correspondence courses will be accepted.
Loan Officer	Depending on previous experience, the applicant is required to have either 60 hours (56 hours of Core &	A new loan officer applicant's training must be provided in a <u>classroom</u> or <u>classroom-equivalent</u>

	4 hours of Ethics) or 30 hours (28 hours of Core & 2 hours of Ethics) of education.	setting. No online or correspondence courses will be accepted.
Renewing Licensee		
Mortgage Broker AND Loan Officer	15 hours of education including a minimum of 8 hours of Core or Ethics, with any remaining hours from CE.	Courses may be taken either in a classroom setting, or through online or correspondence.

Core training includes topics covered on the pre-licensing examination required of all new mortgage broker and loan officer applicants. Content focuses on RESPA; TILA; ECOA; the Mortgage Broker License Act and regulation; other compliance issues; loan origination-related mathematics; predatory lending; and deceptive trade practices.

Ethics training deals with the usage and customs among members of the mortgage lending industry involving their moral and professional duties toward peers, clients, lenders, and borrowers. Ethics is not just knowing the laws and regulations of the industry; it is applying that knowledge with one’s own personal ethics to make the right decisions.

Continuing education (CE) relates to a wide range of subjects that further the purpose of the Mortgage Broker License Act but does not necessarily focus on the federal and state statutes and regulations. This might include material on origination, processing, underwriting, appraisals, or specific government loan programs.

Upgrading to a Mortgage Broker

A currently licensed loan officer who desires a mortgage broker license must complete a new application, and submit it for processing. When the mortgage broker license is issued, the loan officer license will be converted if it is still active. *(Note: A new background check is required)*

The Difference Between a Surrendered vs. Inactive License

A licensee or, as applicable, a sponsoring mortgage broker, must notify us in writing if he or she wishes to surrender or inactivate a license. The difference between the two is an inactive license can be reactivated during the term of the license if all requirements are met and a processing fee is paid, but a surrendered license is permanently cancelled and cannot be reactivated, regardless of the circumstances. Also, a sponsoring mortgage broker cannot “surrender” a loan officer’s license but can only terminate sponsorship of the loan officer which automatically places the license in “inactive” status.

For a mortgage broker, placing his or her license as inactive does not release the licensee from the requirement of filing an annual report, completing continuing education to renew (if applicable), and may not necessarily prevent the department from examining your books and records.

Staffing

The Director of Licensing reports directly to the Commissioner and is responsible for the licensing of individual mortgage brokers and loan officers, and entity mortgage brokers; the registration of mortgage bankers; and the management of the mortgage broker / loan officer education program.

The director leads a staff of 13 employees, including:

Staff Classification	Responsibilities
Investigator	Responsible for all activity associated with processing criminal history requests through the DPS and the FBI; notifying applicants and licensees of criminal history concerns; and investigates all unlicensed activity and falsification issues discovered during the application process.
Education Coordinator	Responsible for the review of all educational materials for training approval.
Systems Analyst	Responsible for the maintenance of the licensing database system and associated applications and processes.
Lead Licensing Analyst	Responsible for final review and issuance of licenses; collection of fees for returned checks and credit card charge backs; and processing of annual report activity.
Supervisory Licensing Analyst	Responsible for the supervision of the Licensing Analysts and the control and distribution of workload.
Licensing Analysts (7 positions)	Responsible for the data-entry of all incoming applications and changes, and the handling of telephone and written inquiries.
Scanner Operator (1 position)	Responsible for the electronic imaging of all licensing documentation received and processed.

When an application, written inquiry (fax, letter, or email), or supporting documentation is received by the division, it generally takes an average of 10 business days for it to reach the desk of a staff member for processing. This delay is due to the heavy volume of work received by the division. For example, in an average month the division handles the following workload:

6,100	Telephone calls to our Customer Service Line
1,500	E-mail inquiries
1,000	Fax and letter inquiries and requests
450	New applications
150	Renewal applications (paper)
450	Renewal applications (online)
700	Change requests
220	DPS and/or FBI criminal history reviews
35	Lawfully admitted alien verifications
30	Education provider submissions
350	Credit check reviews
7,000	Miscellaneous licensing database entries

It is the intent of the division to handle each call, inquiry, and request as expeditiously as possible but it is virtually impossible to have immediate turn-around of requests with the volume of work received. Many of the questions asked of staff can be found by reviewing the department's website, specifically the Texas Mortgage Broker License Act and regulation, the list of Frequently Asked Questions, and Mortgage Broker / Loan Officer Search Page prior to calling or emailing the department.

Appendix A

FEE SCHEDULE September 1, 2007 – August 31, 2009

Mortgage Banker Registration

Yearly Registration \$500

Mortgage Broker & Loan Officer Licensing (Two-Year License)

Initial Mortgage Broker Application

Application Fee\$375
 Recovery Fund Fee\$20
 Criminal History Background (passed through to the DPS and FBI)\$34.25
 Pre-licensing Examination (paid directly to test provider)\$42

Initial Loan Officer Application

Application Fee\$275
 Expedited Loan Officer Application Fee (specific requirements)\$100
 Recovery Fund Fee\$20
 Criminal History Background (passed through to the DPS and FBI)\$34.25
 Pre-licensing Examination (paid directly to test provider)\$42

Renewing Mortgage Broker Application

Application Fee.....\$375
 Late Filing Penalty Fee (Application filed 1-90 days after expiration date).....\$187.50
 Recovery Fund Fee\$20

Renewing Loan Officer Application

Application Fee.....\$175
 Late Filing Penalty Fee (Application filed 1-90 days after expiration date).....\$87.50
 Recovery Fund Fee\$20

Other Related Fees

Branch Addition Fee (Mortgage Broker)\$50
 Branch Addition Fee (Loan Officer)\$25
 Address Change—Primary or Branch (Mortgage Broker & Loan Officer)\$25
 Sponsorship Change (Loan Officer)\$25
 Personal Name Change\$25
 Assumed Name Addition or Change\$25

Entity Mortgage Broker License (Two-Year License)

Initial & Renewal Application Fee\$175

Designated Representative Change\$25

Other Related Fees

Branch Addition Fee\$50
 Address Change—Primary or Branch\$25
 Assumed Name Addition or Change.....\$25

Registered Financial Services Company

Yearly Registration=<\$200,000

Exclusive Agent Criminal History Background (passed through to the DPS and FBI)\$34.25

Education Providers

Course review for Seminars\$75

Course review requesting 5 or less hours of credit.....\$100

Course review requesting 6 or more hours of credit\$200

LICENSING QUALIFICATIONS

TEXAS MORTGAGE BROKER REGULATIONS

Title 7. Banking and Securities

Part 4. Texas Savings and Loan Department

Chapter 80. Mortgage Broker and Loan Officer Licensing

SUBCHAPTER A. LICENSING.

§80.4 Qualifications for Obtaining Licenses.

(a) **Individual Mortgage Broker Licenses**. In order to be issued a license as a Mortgage Broker, an individual applicant must establish to the satisfaction of the Commissioner that:

(1) the applicant is an individual of at least 18 years of age;

(2) the applicant is either a United States citizen or a lawfully admitted alien;

(3) the applicant maintains a Physical Office in the State of Texas and has designated that office in his or her application;

(4) the applicant either:

(A) has received a bachelor's degree in an area relating to finance, banking, or business administration from an accredited college or university AND has 18 months or more of actual experience in the mortgage lending field as evidenced by documentary proof of full-time employment for the required period as a licensed mortgage broker or licensed loan officer or with a person exempt under §156.202 of the Act;

(B) is currently licensed in the State of Texas as:

(i) an active real estate broker;

(ii) an active attorney; or

(iii) a local recording agent or insurance agent for a legal reserve life insurance company under Chapter 21 of the Insurance Code (or holds an equivalent license under the Insurance Code or its equivalent regulations as now or hereafter promulgated); or

(C) has three years or more experience in the mortgage lending field as evidenced by documentary proof of full-time employment for the required period as a loan officer or with a person exempt under §156.202 of the Act;

(5) the applicant either has net assets of \$25,000 or more (which must be maintained while the license is in effect) or has provided an acceptable surety bond in an amount of not less than \$50,000 (an acceptable bond being a bond issued by a surety licensed by the Texas Department of Insurance and issued on a form approved by the Texas Department of Insurance for that purpose);

(6) the applicant has not been convicted of any Criminal Offense as defined in paragraph (13) of §80.2 (relating to Definitions) of this Chapter or, if the applicant has been convicted of any such Criminal Offense, the applicant has been found by the Commissioner, in accordance with §53.023, Occupations Code, to be fit to be licensed as a Mortgage Broker;

(7) the applicant has passed an examination approved by the Finance Commission that demonstrates knowledge of the mortgage industry and the role and responsibilities of a mortgage broker;

(8) the applicant is of good moral character, including honesty, trustworthiness, and integrity;

(9) the applicant is not in violation of the Mortgage Broker License Act, a rule adopted under this Chapter or any order previously issued to the applicant by the Commissioner; and

(10) provide the Commissioner with satisfactory evidence that:

(A) if the person has not been previously licensed as a mortgage broker or a loan officer under this subchapter, the person has completed 90 classroom hours of education courses approved by the Commissioner under this section; or

(B) if the person has not been previously licensed as a mortgage broker under this subchapter but has been licensed as a loan officer under this subchapter, the person has successfully completed an additional 30 classroom hours of education courses approved by the Commissioner under this section.

(b) **Loan Officer Licenses**. In order to be issued a license as a Loan Officer, an applicant must establish to the satisfaction of the Commissioner that:

(1) the applicant is an individual of at least 18 years of age;

(2) the applicant is either a United States citizen or a lawfully admitted alien;

(3) the applicant is sponsored by a licensed Mortgage Broker, as evidenced by an appropriately completed Loan Officer Sponsor Certification form;

(4) the applicant has either:

(A) successfully completed at least 60 hours of education courses approved by the Commissioner; or

(B) successfully completed 30 hours of education courses approved by the Commissioner if the applicant:

(i) has 18 months or more of experience as a mortgage loan officer as evidenced by documentary proof of full-time employment as a mortgage loan officer with a person exempt under §156.202 of the Act; or

(ii) is a person who meets the qualifications of subsection (a)(4)(B) of this section.

(5) the applicant has not been convicted of any Criminal Offense as defined in paragraph (13) of §80.2 of this chapter (relating to Definitions) or, if the applicant has been convicted of any such Criminal Offense, the applicant has been found by the Commissioner, in accordance with §53.023, Occupations Code, to be fit to be licensed as a Loan Officer;

(6) the applicant has passed an examination approved by the Finance Commission that demonstrates knowledge of the mortgage industry and the role and responsibilities of mortgage brokers;

(7) the applicant is of good moral character, including honesty, trustworthiness, and integrity; and

(8) the applicant is not in violation of the Mortgage Broker License Act, a rule adopted under this chapter or any order previously issued to the applicant by the Commissioner.

(c) **Entity Mortgage Broker Licenses**. A corporation, limited liability company, or limited partnership may not act as a mortgage broker unless the entity obtains a mortgage broker license. To be eligible to obtain a mortgage broker license the entity must:

(1) designate an individual licensed as a mortgage broker as its designated representative. The designated representative must be:

(A) an officer of the corporation if the entity is a corporation;

(B) a manager of the limited liability company if the entity is a limited liability company; or

(C) if the entity is a limited partnership:

(i) an individual who is a general partner;

(ii) an officer of a general partner that is a corporation; or

(iii) a manager of a general partner that is a limited liability company.

(2) demonstrate to the satisfaction of the Commissioner that the applicant meets the minimum net worth requirements for a mortgage broker or prove to the Commissioner a surety bond in an amount not less than \$50,000 as provided in subsection (a)(5) of this section. In the alternative, the Commissioner will accept evidence that the mortgage broker who is the designated representative meets the minimum net worth requirements for a mortgage broker.

(d) Designated representative. A mortgage broker may not act as a designated representative

at any time while the broker's license is inactive, expired, suspended or revoked.

(e) **Additional Information.** The Commissioner may require such additional, clarifying, or supplemental information from any applicant for the issuance or renewal of any license pursuant to the Act as is deemed necessary or advisable to determine that the requirements of the Act have been met.

Source Note: The provisions of this §80.4 adopted to be effective December 26, 1999, 24 TexReg 11258; amended to be effective November 23, 2003, 28 TexReg 10434; amended to be effective November 11, 2007, 32 TexReg 7906