

LENDERS UPDATE™

A MONTHLY SERVICE TO THE MORTGAGE LENDING INDUSTRY

AN ALT & ASSOCIATES NEWSLETTER

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TEXAS NOW REQUIRES REGISTRATION OF MORTGAGE SERVICERS

The Texas legislature has adopted Senate Bill Number 17, entitled “Regulation of Residential Mortgage Loan Servicers”. It provides that a person may not act as a Residential Mortgage Loan Servicer, for a residential mortgage loan secured by a lien on residential real estate unless a person is registered under this Act or is exempt.

Exempt entities are companies registered as a banker under Chapter 157 of the Texas Finance Code, companies licensed under Chapter 342 of the Finance Code for Consumer Loans or registered under Chapter 343 for Home Loans. As to the latter two chapters, the exemption only applies if that entity does not act as a Residential Mortgage Loan Servicer servicing first lien secured loans.

Also exempt is a person making a residential mortgage loan with a person's own funds or to secure all or a portion of the purchase price of real properties sold by that person.

For several years a mortgage banker has been required to include a notice to the residential mortgage loan applicant with the application:

“COMPLAINTS REGARDING MORTGAGE BANKERS SHOULD BE SENT TO THE DEPARTMENT OF SAVINGS AND MORTGAGE LENDING _____ (street address of the Department of Savings and Mortgage Lending).”

“A TOLL FREE CONSUMER HOTLINE IS AVAILABLE AT _____ (Telephone number of the Department of Savings and Mortgage Lending's toll free consumer hotline).”

This requirement was amended with the new legislation to provide that if a mortgage banker indicates in its registration that it intends to act as a servicer it must provide the borrower the following notice, not later than 30 days after the mortgage banker commences servicing the loan:

“COMPLAINTS REGARDING THE SERVICING OF YOUR MORTGAGE SHOULD BE SENT TO THE DEPARTMENT OF SAVINGS AND MORTGAGE LENDING _____ (street address of the Department of Savings and Mortgage Lending).”

“A TOLL FREE CONSUMER HOTLINE IS AVAILABLE AT _____ (Telephone number of the Department of Savings and Mortgage Lending's toll free consumer hotline).”

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ALT & ASSOCIATES provides regulatory, compliance, operational advice and transactional assistance, as well as litigation representation, to the financial services industry. Over the past two decades, members of the firm have represented Institutional Lenders and Mortgage Bankers and Brokers in all aspects of their operations.

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