

Property Tax Lender Advisory Bulletin: Licensing Requirements

This bulletin describes licensing requirements for property tax lenders and individual residential mortgage loan originators. The main requirements are located in Sections 351.003, 351.051, and 351.0515 of the Texas Finance Code.

This bulletin is just a summary. Property tax lenders are responsible for ensuring that they comply with all applicable laws, not just the laws described in this bulletin.

1. Which businesses are required to hold a property tax lender license?

a. Generally

In general, businesses are required to hold a property tax lender license issued by the OCCC if they make, negotiate, service, or purchase property tax loans.

Under Section 351.051(a) of the Texas Finance Code, the licensing requirement applies to any person who: (1) engages in the business of making, transacting, or negotiating property tax loans, or (2) contracts for, charges, or receives any compensation in connection with a property tax loan. Exceptions to the licensing requirement (including exceptions for banks, savings banks, and credit unions) are listed in Section 351.051(c).

b. Brokers

The licensing requirement applies to brokers who negotiate, transact, or receive charges for property tax loans. The OCCC's rule at Title 7, Section 89.102 of the Texas Administrative Code defines the terms "negotiating a loan" and "transacting a loan." Negotiating a loan is the process of submitting and considering offers between a borrower and lender. Transacting a loan includes the preparation, negotiation, and execution of loan documents, as well as the act of arranging a loan. If brokers engage in these acts for property tax loans, then they must hold a property tax lender license.

Property tax lenders should ensure their property tax loans are not negotiated or transacted by unlicensed businesses. The Finance Code does not authorize a licensed property tax lender to "sponsor" an unlicensed broker that negotiates loans. Each business that negotiates or transacts property tax loans must hold its own property tax lender license.

c. Assignees

The licensing requirement also applies to assignees. Section 351.003(b) explains that a person may not sell or transfer a property tax loan to another person who is not licensed (or exempt from licensing).

If a business intends to assign a property tax loan to another business, then it is a best practice for each business to confirm that the other is appropriately licensed. If a property tax loan is transferred to an unlicensed business, then a court might hold that the transfer is void. See *Waite v. Cage (In re Moye)*, 458 Fed. App'x 385, 390–91 (5th Cir. 2012) (finding the transfer of motor vehicle retail installment contracts to unlicensed persons to be void).

2. Which locations are required to be licensed?

Generally, Chapter 351 of the Texas Finance Code provides that any property tax lending activity must occur from a licensed location. A property tax lender must hold a license for each location where loans are made, negotiated, serviced, held, or collected. This requirement is described in Sections 351.051, 351.052, 351.053, and 351.151 of the Finance Code, as well as the OCCC's rule at Title 7, Section 89.401 of the Texas Administrative Code.

Property tax lenders are responsible for ensuring that all contact information on file with the OCCC (including the address of any licensed location) is current and correct, as explained by the OCCC's rule at Title 7, Section 89.306 of the Texas Administrative Code. Before relocating a licensed location, a property tax lender must notify the OCCC under Title 7, Section 89.308 of the Texas Administrative Code.

Section 351.053 of the Finance Code explains that property tax lenders are authorized to make property tax loans by mail or online from a licensed office. If a property tax lender makes loans by mail or online, it must hold a license for each location where loans are made, negotiated, serviced, held, or collected.

Section 341.503 explains that property tax lender licensees may allow their employees to work from remote locations as long as they meet certain conditions, as explained in [OCCC Advisory Bulletin B21-2, Remote Work from Unlicensed Locations](#).

3. Which individuals are required to hold a residential mortgage loan originator license?

Individuals must be licensed with the OCCC in order to act as residential mortgage loan originators for property tax loans. This requirement is described in Sections 180.051 and 351.0515 of the Finance Code.

Chapter 180 of the Finance Code (the Texas SAFE Act) generally requires individuals to be licensed if they act as residential mortgage loan originators. Under Section 180.002(19)(A), a residential mortgage loan originator includes any individual who takes an application for a residential mortgage loan, offers the terms of a residential mortgage loan, or negotiates the terms of a residential mortgage loan. Under Section 180.002(18), a residential mortgage loan is a loan for personal, family, or household use that is secured by a dwelling, with a deed of trust or equivalent security interest.

Each residential mortgage loan originator has a unique ID number issued by the Nationwide Multistate Licensing System (NMLS). Originators are required to disclose their NMLS ID numbers in advertisements and loan disclosures, as described in Section 180.151 of the Finance Code, and in the OCCC's rule at Title 7, Section 89.504(a)(4) of the Texas Administrative Code.

Property tax lenders should ensure that any residential property tax loans are originated by properly licensed individuals. In order to comply with Section 351.0515, the individual must be licensed with the OCCC under Chapters 180 and 351. It is not sufficient for the originator to be licensed with another agency other than the OCCC.

4. How can I notify the OCCC about an unlicensed business or individual?

If you are aware of a business or individual providing property tax loans without a required license, you can file a complaint by following instructions on the [OCCC's complaint web page](#). The OCCC may be able to take action against the business or individual to address the unlicensed activity.