

Title 7, Texas Administrative Code
Part 1. Finance Commission of Texas
Chapter 2. Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner
Subchapter A. Application Procedures

The Finance Commission of Texas (commission) adopts the amendments to §2.102 (relating to Registration with Nationwide Mortgage Licensing System and Registry) in 7 TAC Chapter 2, concerning Residential Mortgage Loan Originators Regulated by the Office of Consumer Credit Commissioner.

The commission adopts the amendments to §2.102 without changes to the proposed text as published in the December 27, 2024, issue of the *Texas Register* (49 TexReg 10451).

The commission did not receive any official comments on the proposed amendments.

The rule at §2.102 relates to procedures for an individual to register with the NMLS system as a residential mortgage loan originator (RMLO). In general, the purpose of the adopted rule changes to 7 TAC §2.102 is to remove language providing that certain entities are not required to register with NMLS, in order to support efforts to migrate license groups to NMLS.

The Office of Consumer Credit Commissioner (OCCC) distributed an early precomment draft of proposed changes to interested stakeholders for review, and then held a stakeholder webinar regarding the rule changes. During the webinar, the OCCC answered questions from stakeholders about the rule changes. The OCCC appreciates the input provided by stakeholders. The OCCC

did not receive any written precomments on the rule text draft.

The Nationwide Multistate Licensing System (NMLS) is an online platform used by state financial regulatory agencies to manage licenses, including license applications and renewals. State agencies created NMLS in 2008. The federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 explains that the purposes of NMLS include increasing uniformity and reducing regulatory burden. Federal SAFE Act, 12 USC §5101. Each state currently uses NMLS for licensing individual RMLOs, and 59 state agencies use the system for licensing mortgage companies. See NMLS, Q1 2024 Mortgage Industry Report (June 2024). NMLS is managed by the Conference of State Bank Supervisors and is subject to ongoing modernization efforts and enhancements.

Under Texas Finance Code, §14.109, the OCCC is authorized to require use of NMLS for certain license and registration types. During calendar year 2025, the OCCC intends to begin a phased process of migrating license groups from ALECS (the OCCC's current licensing platform) to NMLS. The OCCC believes that moving to NMLS will improve the user experience of the licensing system and promote efficiency. This is particularly true for entities that hold licenses with the OCCC and with another state agency, because these entities will be able to manage multiple licenses through NMLS.

Currently, the rule at §2.102 describes procedures for an individual to register with NMLS as an RMLO. Current §2.102(b) states: "Entities licensed or applying for a license with the OCCC to make, transact, or negotiate residential mortgage loans are not required to register with NMLS."

Adopted amendments to §2.102 remove current subsection (b). This change will support the OCCC's efforts to migrate license groups to NMLS. This change is consistent with the OCCC's authority under Texas Finance Code, §14.109, to require use of the NMLS system for certain license and registration types. Other adopted amendments throughout §2.102 renumber other subsections accordingly.

The rule amendments are adopted under Texas Finance Code, §11.304, which authorizes the commission to adopt rules necessary to supervise the OCCC and ensure compliance with Texas Finance Code, Chapter 14 and Title 4. In addition, Texas Finance Code, §180.004, authorizes the commission to implement rules necessary to comply with Texas Finance Code, Chapter 180, and to carry out the intentions of the federal Secure and Fair Enforcement for Mortgage Licensing Act. Also, Texas Finance Code, §180.061, authorizes the commission to adopt rules establishing requirements for licensing through NMLS.

The statutory provisions affected by the adoption are contained in Texas Finance Code, Chapters 14 and 180.

§2.102. Registration with Nationwide Mortgage Licensing System and Registry

(a) Individuals. Individuals applying for a license with the OCCC and who, for actual or expected compensation or gain, take a

residential mortgage loan application, or who offer or negotiate the terms of a residential mortgage loan, are required to register with NMLS, except for individuals engaged in authorized activity subject to the authority of a regulatory official under Texas Finance Code, §180.251(a).

~~[(b) Entities. Entities licensed or applying for a license with the OCCC to make, transact, or negotiate residential mortgage loans are not required to register with NMLS.]~~

(b) ~~[(e)]~~ Withdrawal of application. If an application is not completed within 30 calendar days after notice of deficiency has been sent to the applicant, the application may be considered abandoned and will be withdrawn.

(c) ~~[(d)]~~ Inactive status. The OCCC may issue a license in an inactive status if the applicant complies with all requirements of licensure and completes the required application except for the requirement of providing an employer. After the inactive RMLO has submitted an employer and the OCCC has verified that the employer is currently registered or licensed by the OCCC, the license may be changed to active status.

(d) ~~[(e)]~~ Conditional status. The OCCC may issue a license on a conditional basis.

Certification

The agency certifies that legal counsel has reviewed the adoption and found it to be a valid exercise of the agency's legal authority.

Issued in Austin, Texas on February 21,
2025.

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