

From: [Sunset Advisory Commission](#)
To: [Janet Wood](#)
Subject: FW: Public Input Form for Agencies Under Review (Public/After Publication)
Date: Tuesday, May 29, 2018 11:20:40 AM

-----Original Message-----

From: sundrupal@capitol.local [<mailto:sundrupal@capitol.local>]
Sent: Tuesday, May 29, 2018 10:53 AM
To: Sunset Advisory Commission <Sunset@sunset.texas.gov>
Subject: Public Input Form for Agencies Under Review (Public/After Publication)

Agency: OFFICE COMMISSIONER AND DEPARTMENT SAVINGS AND MORTGAGE LENDING

First Name: Molly

Last Name: Rogers

Title: Attorney-Team Manager for Foreclosure Prevention

Organization you are affiliated with: Texas RioGrande Legal Aid, Inc.

Email: mrogers@trla.org

City: Austin

State: Texas

Your Comments About the Staff Report, Including Recommendations Supported or Opposed: TDSML does more than regulate banks. Since the 2008 financial crisis a number individuals operating as residential mortgage loan originators have proliferated to reach the market that used to be served by sub-prime mortgage lending. These are not institutional lenders, but individual actors that have originated hundreds or even thousands of loans to low-income borrowers over the course of the last decade. In my practice, which specializes in foreclosure prevention, I have seen TDSML take actions against certain bad actors within this context that utilize a type of financing known as a wraparound mortgage to take advantage of unsophisticated borrowers. When wraparound mortgages are made without the consent of an existing mortgage company, they can be devastating for the home owner, the seller, and the mortgage company. While the wraparound broker receives a windfall. TDSML has investigated these bad actors when identified, and issued cease and desist orders when they are operating in violation of Texas law. These administrative actions can be more effective than the threat of litigation because (1) once these lenders understand they need a license to continue operating they are often willing to take actions to improve their operations to conform with Texas law and correct previous harm; or (2) the lenders cease operations to avoid immediate actions. Litigation, however, can be expensive for the homeowners that have been harmed, and some bad actors will see these suits as a cost of doing business for the few that pursue their claims. Having an agency such as TDSML that is capable of regulating these individuals, levels the playing field for residential mortgage loan originators that do comply with Texas law so they are not competing with those that use dishonest means to offer impossibly good deals.

Any Alternative or New Recommendations on This Agency: Maintain the Department of Savings and Mortgage Lending as a separate state agency

My Comment Will Be Made Public: I agree