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May 2, 2011

To: Clients and Friends

From: David F. Dulock

Subject: (1) Email and Web Address Changes for Texas Department of Savings and Mortgage Lending (TDSML); (2) Disclosure Form Changes

This memorandum is to advise all clients of the following technical changes by the TDSML to the disclosures required, respectively, under §79.122 and §80.9 of Title 7 of the Texas Administrative Code. These changes are set out in the April 29, 2011 issue of the *Texas Register*.

1. State savings banks are required by §79.122 to place in their privacy notices to consumers a promulgated notice advising consumers how to file complaints. This complaint notice contains the TDSML's current email address: smlinfo@sml.state.tx.us. Effective May 5, 2011, that email address changes to: smlinfo@sml.texas.gov.

2. Residential mortgage loan originators are required by §80.9 to provide mortgage applicants with a promulgated Residential Mortgage Loan Originator disclosure that contains a notice to let the mortgage applicants know how to file complaints. This complaint notice also contains the TDSML's current email address: smlinfo@sml.state.tx.us. Effective May 5, 2011, that email address changes to: smlinfo@sml.texas.gov.

3. In addition, the text of the Residential Mortgage Loan Originator disclosure has been updated to be applicable to license types which, prior to the SAFE Act, were not required to be licensed and in order to be in compliance with the Federal Reserve Board's new loan originator compensation rule, which became effective April 1, 2011. A copy of this updated Residential Mortgage Loan Originator disclosure is attached to this memorandum. It is also effective May 5, 2011.

In order to accommodate all affected parties, the TDSML's old email address will remain functional for an extended transition period.

Please be advised that effective immediately the TDSML's website address has also been updated from <http://www.sml.state.tx.us> to <http://www.sml.texas.gov>.

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Attachment: Residential Mortgage Loan Originator Disclosure (Rev. 05/05/11)

RESIDENTIAL MORTGAGE LOAN ORIGINATOR DISCLOSURE

Residential Mortgage Loan Originator: _____

License Number: _____

The information in this disclosure is provided to clarify the nature of our relationship, my duties to you, and how I am to be compensated as a Residential Mortgage Loan Originator. This disclosure is a requirement of the Texas Mortgage Broker License Act.

Since I may be working for a company, references to "we" or "us" refer to me and any company for which I am working.

Check ALL that apply

Duties and Nature of Relationship

You, the applicant(s), have applied with us for a loan secured by residential real estate.

- We will submit your loan application to a participating lender which we may from time to time contract upon such terms as you may request or a lender may require. In connection with this mortgage loan, we are acting as an independent contractor and not as your agent. We will enter into separate independent contractor agreements with various lenders. While we will seek to assist you in meeting your financial needs, we do not distribute the products of all lenders or investors in the market and cannot guarantee the lowest or best terms available in the market.
- In connection with this mortgage loan, we are acting as an independent contractor and not as your agent. We will make your loan ourselves. We may either sell the loan to an investor or retain it. (You will receive a separate disclosure as to how we will handle servicing rights on any such loan.) We have a number of established independent contractor relationships with various investors to whom we sell closed loans. We are not an agent for any such investor in connection with the sale of a loan. While we will seek to assist you in meeting your financial needs, we cannot guarantee the lowest or best terms available in the market.
- We will be acting as follows:

How we will be compensated

- The retail price we offer you - your interest rate, total points, and fees - will include our compensation. In some cases we may be paid all of our compensation by you or by the lender or investor. For example, in some cases, if you would rather pay a lower interest rate, you may pay higher up-front points and fees. Also, in some cases, if you would rather pay less up-front, you may be able to pay a higher rate, in which case my compensation will be paid by the lender. We also may be paid by the lender based on other goods, services, or facilities performed or provided by us to the lender.
- Our pricing for your loan is based upon:

At the time of this disclosure, we are receiving \$_____ in fees. The services which these fees are being charged include the following:

- Application fee \$ _____

Appraisal fee \$ _____

Credit report fee \$ _____

Other (list): _____ \$ _____ \$ _____

Of this amount, \$ _____ is not refundable unless the amount is required to be refunded under applicable state or federal law upon the exercise of a right of rescission (such as the Truth in Lending Act, 15 U.S.C. §1600, et seq. and Regulation Z, 12 C.F.R. Part 226 or the provisions of the Home Equity provisions of the Texas Constitution, Article XVI, Section 50.

If applicable:

The estimated fees which we will charge will be as shown on the good faith estimate which we are providing to you now or which we will provide you within three (3) days in accordance with the requirements of the Real Estate Settlement Procedures Act and its implementing regulations.

_____ IS LICENSED UNDER THE LAWS OF THE STATE OF TEXAS AND BY STATE LAW IS SUBJECT TO REGULATORY OVERSIGHT BY THE DEPARTMENT OF SAVINGS AND MORTGAGE LENDING. ANY CONSUMER WISHING TO FILE A COMPLAINT AGAINST _____ SHOULD COMPLETE, SIGN, AND SEND A COMPLAINT FORM TO THE DEPARTMENT OF SAVINGS AND MORTGAGE LENDING, 2601 NORTH LAMAR, SUITE 201, AUSTIN, TEXAS 78705. COMPLAINT FORMS AND INSTRUCTIONS MAY BE DOWNLOADED AND PRINTED FROM THE DEPARTMENT'S WEB SITE LOCATED AT <http://www.sml.texas.gov> OR OBTAINED FROM THE DEPARTMENT UPON REQUEST BY MAIL AT THE ADDRESS ABOVE, BY TELEPHONE AT ITS TOLL-FREE CONSUMER HOTLINE AT 1-877-276-5550, BY FAX AT (512) 475-1360, OR BY E-MAIL AT smlinfo@sml.texas.gov.

THE DEPARTMENT MAINTAINS THE MORTGAGE BROKER RECOVERY FUND TO MAKE PAYMENTS OF CERTAIN ACTUAL OUT OF POCKET DAMAGES SUSTAINED BY BORROWERS CAUSED BY ACTS OF LICENSED RESIDENTIAL MORTGAGE LOAN ORIGINATORS. A WRITTEN APPLICATION FOR REIMBURSEMENT FROM THE RECOVERY FUND MUST BE FILED WITH AND INVESTIGATED BY THE DEPARTMENT PRIOR TO THE PAYMENT OF A CLAIM. FOR MORE INFORMATION ABOUT THE RECOVERY FUND, PLEASE CONSULT SUBCHAPTER F OF THE MORTGAGE BROKER LICENSE ACT ON THE DEPARTMENT'S WEB SITE REFERENCED ABOVE.

Applicant(s)
Signed: _____
Name: _____
Date: _____
Signed: _____
Name: _____

Residential Mortgage Loan Originator:
Signed: _____
Name: _____
Date: _____