

Owner Financing: Traps for the Unwary

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Regulatory scheme

- Typically, at five dwelling secured transactions, an owner/developer/lender will become subject to various state and federal rules.
- Bank who finances an owner/lender takes on liability of noncompliance if it acquires the notes!

Mortgage Broker Licensing--State

- Chapters 156 and 157 Texas Finance Code
- Licensed through Savings & Mortgage Loan Dept.
- Exemption if make no more than five residential mortgage loans in any 12-month period
- Education and testing requirements
- Background, including finger prints for criminal check

SAFE Mortgage Act

- Registration with NMLS
- Exemption for five or fewer per year
- <http://mortgage.nationwidelicensingsystem.org/Pages/default.aspx>

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[Current Issues in Real Estate Loan Origination: Home Equity Amendments, Internet Fraud, Individual Lending, and ALTA Forms](#)

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