



DERIVATION TABLE AND REDLINE DRAFT
DEPARTMENT ADMINISTRATION RULE REVIEW (APRIL 2025)

TITLE 7 BANKING AND SECURITIES

PART 4 DEPARTMENT OF SAVINGS AND MORTGAGE LENDING

CHAPTER 52 MORTGAGE GRANT FUND

NEW SECTION	OLD SECTION	REDLINE
52.1	51.400	<p>Purpose and Applicability.</p> <p>This chapter governs SML's The rules contained in 7 TAC Chapter 51, Subchapter E govern the Commissioner's administration of the Mortgage Grant Fund under as provided by Finance Code Chapter 156, Subchapter G other than claims made against the Mortgage Grant Fund in accordance with Finance Code §156.555 which are governed by the rules contained in 7 TAC Chapter 53 of this title 4, Subchapter F (relating to Recovery Claims Mortgage Grant Fund: Recovery Claims for Unlicensed Activity).</p>
52.2	51.401	<p>Definitions.</p> <p>In this chapter, the following definitions apply. The following terms, when used in this subchapter, have the following meanings: unless the context clearly indicates otherwise:</p> <p>(1) "Auxiliary mortgage loan activity company" has the meaning assigned by Finance Code §156.002.</p> <p>(2) "Commissioner" means the <u>savings and mortgage lending commissioner</u> Savings and Mortgage Lending Commissioner appointed under Finance Code Chapter 13.</p>

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		<p>(3) "Department" means the Department of Savings and Mortgage Lending.</p> <p>(3) (4) "Finance Commission" means the Finance Commission of Texas.</p> <p>(4) (5) "Grant Coordinator" means the <u>employee of SML that assists the Commissioner in discharging his or her duties related to the Mortgage Grant Fund, as provided by individual appointed as the Grant Coordinator for purposes of §51.403 §52.4</u> of this title (relating to Grant Coordinator).</p> <p>(5) (6) "Mortgage Grant Advisory Committee" or "MGAC" means the Mortgage Grant Advisory Committee formed to advise the Commissioner concerning administration of the <u>MGF grant program fund</u>, as provided by <u>§52.5 §51.404</u> of this title (relating to Mortgage Grant Advisory Committee).</p> <p>(6) (7) "Mortgage Grant Administration Manual" or "<u>MGAM</u>" means the manual <u>of the policies and procedures governing administration of the MGF and the MGF grant program, created by the Commissioner to reflect the various policies and procedures governing administration of the Mortgage Grant Fund grant program</u> as provided by <u>§51.402 §52.3</u> of this title (relating to <u>Management by the Commissioner Commissioner as Manager</u>).</p> <p>(7) (8) "Mortgage Grant Fund" or "<u>MGF</u>" "<u>fund</u>" means the fund the Commissioner <u>administers under is required to establish, administer, and maintain in accordance with</u> Finance Code Chapter 156, Subchapter G.</p> <p>(8) "<u>SML</u>" means the Department of Savings and Mortgage Lending.</p>
52.3	51.402	<p><u>Management by the Commissioner Commissioner as Manager.</u></p> <p>(a) <u>Management by the Commissioner Manager.</u> As provided by Finance Code §156.553, the Commissioner serves as manager of the fund and administers all aspects of the <u>MGF fund</u>.</p> <p>(b) Periodic Reports to the Finance Commission. The Unless the Finance Commission directs otherwise, the Commissioner or his or her designee (including but not limited to the Grant Coordinator) will report to the Finance Commission audit committee concerning the status and activities of the MGF fund at each regularly called meeting of the Finance Commission to the audit committee <u>of the Finance Commission at each regular meeting of the committee</u>, or <u>as directed by otherwise at the request of</u> the Finance Commission or its audit committee.</p> <p>(c) Mortgage Grant Administration Manual. The Commissioner maintains will develop and create a manual reflecting the <u>of the Commissioner's</u> policies and procedures governing administration of the <u>MGF fund</u> and the <u>MGF Mortgage Grant Fund</u> grant program to be known and referred to as the Mortgage Grant Administration Manual (MGAM). The MGAM, and any amendments to the MGAM, must be approved by the Finance Commission audit committee.</p>

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52.4	51.403	<p>Grant Coordinator.</p> <p>The Commissioner may appoint an employee of SML the Department to serve as Grant Coordinator grant coordinator to assist the Commissioner in discharging his or her duties related to the MGF fund. The Commissioner may designate one or more SML employees to act on behalf of the Grant Coordinator when the Grant Coordinator is not available. The Grant Coordinator serves under the direction of the Commissioner and acts as liaison between grantees and the Commissioner and the MGAC Mortgage Grant Advisory Committee. The Commissioner may delegate any authority of the Commissioner to act as manager of the MGF fund to the Grant Coordinator, including any specific duties listed under Finance Code §156.553(a) except the authority to appear at hearings or judicial proceedings related to the fund.</p>
52.5	51.404	<p>Mortgage Grant Advisory Committee.</p> <p>(a) Purpose. Formation. The MGAC exists as Mortgage Grant Advisory Committee is created to serve in an advisory committee to make role and makes program recommendations to the Commissioner and Grant Coordinator concerning administration of the MGF grant program regarding administration of the fund and the grant awards to be made from the fund. The MGAC will continue in existence until the abolishment date set by §51.200 of this title (relating to Advisory Committees and Informal Conferences).</p> <p>(b) Governance. The MGAC is will be governed by the MGAM provisions of the Mortgage Grant Administration Manual including composition, eligibility, appointment, and membership terms.</p> <p>(c) Advisory Role of the MGAC Reporting. The MGAC, at the request of the Commissioner, makes will make and report written recommendations to the Commissioner and Grant Coordinator for review and consideration concerning administration of all aspects of administering the MGF grant program fund including:</p> <ol style="list-style-type: none"> <li data-bbox="491 1105 2013 1177">(1) evaluating grant applications to determine whether the application should be approved, and the if so, a specific grant amount of the grant to award; <li data-bbox="491 1214 2013 1252">(2) monitoring ongoing grant awards to evaluate performance and determine compliance; <li data-bbox="491 1289 2013 1326">(3) considering potential amendments to the MGAM Mortgage Grant Administration Policy Manual; and <li data-bbox="491 1364 2013 1401">(4) evaluating potential candidates for appointment to the MGAC.
52.6	51.405	<p>Grant Program.</p>

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		<p>(a) <u>Purpose. Scope.</u> This section governs the administration of and disbursements <u>made from the MGF to provide grants for financial education relating to mortgage loans, as provided by Finance Code §156.554(b)(1).</u> fund (each of which is considered a grant disbursement) for purposes of:</p> <p style="padding-left: 40px;">(1) Finance Code §156.554(b)(1), concerning grants to an auxiliary mortgage loan activity company or another nonprofit organization to promote financial education relating to mortgage loans; and</p> <p style="padding-left: 40px;">(2) Finance Code §156.554(b)(3), concerning disbursements to provide support for statewide financial education, activities, and programs specifically related to mortgage loans for consumers, or for the purposes provided by Finance Code §393.628(c).</p> <p>(b) <u>Grant Cycle.</u> The fund may have one competitive grant cycle every two years. <u>A new grant cycle begins on January 1 of every odd-numbered year. An applicant may choose to apply for a one-year grant cycle, or a two-year grant cycle. The grant cycle for a one-year grant begins on January 1 and ends on December 31 of the odd-numbered year for the applicable cycle. The grant cycle for a two-year grant begins on January 1 of the odd-numbered year and ends on December 31 of the following even-numbered year for the applicable cycle.</u></p> <p style="padding-left: 40px;">(1) Funding Determination. The grant funding determination is made by the Commissioner by December 31 of each even-numbered year. The Commissioner will determine the separate funding available and allocated to each of the purposes of Finance Code §156.554(b)(1) and (3).</p> <p style="padding-left: 40px;">(2) Programming Cycle. A new fund grant programming cycle may open on January 1 of every odd-numbered year. An applicant may choose to apply for a one-year grant programming cycle, or a two-year grant programming cycle. The grant programming cycle for a one-year grantee begins on January 1 and ends on December 31 of the odd-numbered year for the applicable cycle. The grant programming cycle for a two-year grantee begins on January 1 of the odd-numbered year and ends on December 31 of the following even-numbered year for the applicable cycle.</p> <p>(c) <u>Eligibility.</u> A grant made under Finance Code §156.554(b)(1) and subsection (a)(1) of this section may only be given to a company licensed by <u>SML the Department</u> as an auxiliary mortgage loan activity company, or a nonprofit organization, <u>or a political subdivision of this state.</u> A grant made under Finance Code §156.554(b)(3) and subsection (a)(2) of this section may be given to a nonprofit organization, school, or for-profit entity. Grant funding is not available to entities licensed <u>by</u> or registered <u>with SML by the Department</u> other than auxiliary mortgage loan activity companies <u>and residential mortgage loan servicers that operate as a nonprofit organization in accordance with Finance Code §156.554(b)(1) and subsection (a)(1) of this section.</u></p>

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		<p>(d) Grant Application. To be considered for the grant program, an applicant must complete and submit <u>a completed</u> the grant application by the deadline and in accordance with the instructions for the applicable grant cycle. Late or incomplete grant applications will not be accepted. Meeting eligibility criteria and timely submission of a grant application does not guarantee award-of a grant <u>award</u> in any amount.</p> <p>(e) Review and Approval. The Commissioner, <u>after considering the recommendations of the</u> upon receipt of advice from MGAC and the Grant Coordinator, will review timely and complete applications and determine the grants to be awarded.</p> <p>(f) Grant Agreement. To participate in the grant program, a grantee approved by the Commissioner to receive a grant <u>award</u> must execute the grant agreement approved by the Commissioner for the applicable grant cycle <u>and tailored to that grantee</u> (grant agreement).</p> <p>(g) Grantee Compliance. A grantee must comply with applicable financial, administrative, and programmatic terms and conditions, and exercise proper stewardship over grant program funds. A grantee must use awarded funds in compliance with the following in effect for the applicable grant cycle:</p> <ul style="list-style-type: none"> (1) all applicable state laws and regulations; (2) all applicable federal laws and regulations; (3) the <u>MGAM Mortgage Grant Administration Manual</u>; (4) the grant application, including all application guidelines and instructions at the time of application; <u>(4) (5)</u> the grant agreement signed by the Commissioner or the Commissioner's designee and the grantee; <u>(5) (6)</u> all reporting and monitoring requirements, as outlined in the grant agreement; and <u>(6) (7)</u> any other guidance documents posted on the <u>MGF webpage</u> Mortgage Grant Fund website for the applicable grant cycle. <p>(h) Reporting and Monitoring.</p> <ul style="list-style-type: none"> (1) General reporting requirements. To receive reimbursement of grant expenses a grantee must: <ul style="list-style-type: none"> (A) submit periodic grant reports as provided by the grant agreement;

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		<p>(B) maintain satisfactory compliance with the grant agreement including and the <u>grantee's goals approved for funding in the grant agreement</u> grant activities as proposed by the grantee in its grant application; and</p> <p>(C) identify, track and report performance measures; and,</p> <p>(D) track and report participant demographic information.</p> <p>(2) Progress Reports. A grantee must submit progress reports that demonstrate performance outcomes and financial information over the term of the grant in accordance with and by the deadlines set forth in the grant agreement.</p> <p>(3) Six-month Longitudinal Report. A grantee must submit a six-month longitudinal report after program completion to demonstrate program objectives.</p> <p>(3) (4) Monitoring. The Grant Coordinator or MGAC may use the following methods to monitor a grantee's performance and expenditures:</p> <p>(A) Audit Desk Review. The <u>Commissioner or</u> Grant Coordinator or MGAC may <u>audit</u> conduct a desk review of a grantee to review and compare individual source documentation and materials to summary data provided during the reporting process; or</p> <p>(B) Site Visits and Inspection Reviews. The <u>Commissioner or</u> Grant Coordinator or MGAC may <u>conduct a scheduled site</u> visit to a grantee's place of business <u>or other place where grant activities are conducted</u> to evaluate performance and determine review compliance and performance issues. Site visits may be comprehensive or limited in scope.</p> <p>(i) Reimbursement.</p> <p>(1) Eligibility. To be eligible for reimbursement, a grantee must comply with all terms of the grant agreement, as well as all other items <u>listed provided</u> in subsection (g) of this section. To ensure that grant funds are used for a public purpose as provided by Finance Code §156.556(1), grant funds will only be awarded on a cost reimbursement basis for all actual, allowable, and allocable costs incurred by a grantee pursuant to the grant agreement. Expenses that were incurred before the beginning or after termination of the grant agreement are not eligible for reimbursement. <u>The Commissioner may withhold reimbursements when a grantee is not in compliance with the grant agreement or other items listed in subsection (g) of this section.</u></p> <p>(2) Procedure. To request reimbursement for work performed on grant activities, a grantee must submit a <u>progress report and grant</u> reimbursement <u>request report</u> in accordance with and by the deadlines <u>specified set forth</u> in the</p>

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		<p>grant agreement. The progress report and reimbursement request must be made using the current forms prescribed by the Commissioner for the applicable grant cycle. The progress report must be detailed and include A grantee must submit a detailed expense report with supporting documentation to justify the reimbursement request. SML The Department will review and approve requests for reimbursement that satisfy the requirements and promptly disburse funds for in response to approved requests.</p> <p>(j) Misuse of Grant Funds. The Commissioner may require a refund of grant funds already disbursed to the grantee and may cancel the grant agreement or disqualify the grantee from receiving future grants from the fund if:</p> <ul style="list-style-type: none"> (1) grant funds are not used for a public purpose allowable under Finance Code §156.554; (2) grant funds are used in an illegal manner; (3) the grantee violates the terms or conditions of the grant agreement or <u>other items listed in</u> otherwise violates the requirements of subsection (g) of this section; or (4) the Commissioner <u>determines that discovers</u> the grantee made <u>a any</u> material misrepresentations in obtaining the grant or in seeking reimbursement of grant funds.