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FISCAL IMPACT REPORT

ORIGINAL DATE 02/12/09

SPONSOR Giannini LAST UPDATED _____ HB 639

SHORT TITLE No-Cost Mortgage Financing SB _____

ANALYST C. Sanchez

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Non-Rec	Fund Affected
FY09	FY10		
	NFI		

(Parenthesis () Indicate Expenditure Decreases)

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY09	FY10	FY11	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
Total	Indeterminate	Indeterminate	Indeterminate	Indeterminate	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Department of Finance and Administration (DFA)

Regulation and Licensing Department (RLD)

SUMMARY

Synopsis of Bill

Under House Bill 639, a lender that offers mortgage loans in New Mexico and offers no-cost mortgage financing in other states will have to offer no-cost mortgage financing in New Mexico pursuant to the same terms as in the other states.

According to HB 639, "no-cost mortgage financing" means a mortgage for which the lender pays all of the borrower's settlement costs."

This new language would be included in the Mortgage Loan Company and Loan Broker Act, Chapter 58, Article 21, NMSA 1978.

FISCAL IMPLICATIONS

NFI

SIGNIFICANT ISSUES

HB639 would require that any institution offering no-cost mortgage loans at no-cost financing in a state other than New Mexico would also require that the lender offer no-cost mortgage financing in New Mexico.

PERFORMANCE IMPLICATIONS

According to RLD, discovery of noncompliance would likely occur through the complaint process and detection of noncompliance during an examination would likely be coincidental.

ADMINISTRATIVE IMPLICATIONS

Oversight could entail tracking all no-cost mortgage financing offered by all lenders in all states.

RELATIONSHIP

SB 342 an omnibus mortgage bill has several amendments relating to and dealing with the Mortgage Loan Company and Loan Broker Act.

TECHNICAL ISSUES

If noncompliance results in a violation of law punishable by administrative action with regard to a license, enforcement may become expansive.

WHAT WILL BE THE CONSEQUENCES OF NOT ENACTING THIS BILL

Lenders would continue to offer loan products in various locations in accordance with their company policy.

CS/svb