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## FISCAL IMPACT REPORT

SPONSOR: Romero DATE TYPED: 02/25/03 HB \_\_\_\_\_

SHORT TITLE: Residential Mortgage Loan Officer Licensure SB 859

ANALYST: Gilbert

### REVENUE

Estimated Revenue		Subsequent Years Impact	Recurring or Non-Rec	Fund Affected
FY03	FY04			
	\$0.1 See Narrative	\$0.1 See Narrative	Recurring	

(Parenthesis ( ) Indicate Revenue Decreases)

### SOURCES OF INFORMATION

LFC Files

Response Received From  
Regulation and Licensing Department (RLD)

### SUMMARY

#### Synopsis of Bill

Senate Bill 859 requires licensure and imposes educational requirements for principal residential mortgage lending entities/owners and residential mortgage loan officers.

#### Significant Issues

SB 859 requires the licensing authority (Regulation and Licensing Department (RLD) Financial Institutions Division) to review applications, research criminal records and employment histories, determine the course curriculum necessary for licensure, prepare an examination to test core competencies, administer testing, grade completed tests and issue licenses.

### FISCAL IMPLICATIONS

SB 859 imposes a \$2.0 bi-annual licensing fee on principal residential mortgage lending entities/owners and residential mortgage loan officers to fund the licensing authority's (RLD Financial Institutions Division) costs associated with license investigations and processing.

## **Senate Bill 859 -- Page 2**

According to RLD, it is unknown how many individuals currently act as residential mortgage loan officers. Consequently, RLD cannot determine the revenue that would result from adoption of this bill.

RLD also believes that additional FTE's may be necessary to perform the responsibilities imposed by this bill.

### **ADMINISTRATIVE IMPLICATIONS**

Since SB 859 creates a new license, the RLD Financial Institutions Division believes this program could severely impact their ability to accomplish established performance measures.

### **TECHNICAL ISSUES**

Outlined below are technical errors associated with SB 859:

Page 2, line 2, A quotation mark is needed at the beginning of the sentence. ("principal mortgage owner").

Page 2, line 4, the word "our" is misspelled and should be "out".

Page 2, line 6, the words "with in" should be "within".

Page 2, line 8, the word "exempt" is not explained. The word exempt should be in parentheses if what follows is a definition of the word.?

Page 2, line 21, incomplete sentence or header is out of place.

Page 3, lines 6 through 22, license denials should be based upon infractions and criminal history directly related to the mortgage industry.

Page 3 line 13, "must include duties owed by licensees" is not clear as to what it means.

Page 3, lines 10 through 22, Verification of anything other than criminal conviction would be difficult.

Page 3, line 23, incomplete sentence or header out of place.

Page 3 line 24. The number 3 is out of sequence, which results in the rest of the numbering being off.

Page 4, line 20, the word ("for") should be changed to ("to").

Page 5, line 3, ("200.00 bi-annual.") is an incomplete sentence.

Page 5, line 8, the word ("anew") should be changed to ("a new").

Page 6, line 13, the word ("established") should be changed to ("establish").

### **Senate Bill 859 -- Page 3**

Page 6, line 22 and line 24; the word (“loa”) should be changed to “loan”

Page 7, line 2, the word (“statues”) should be changed to “statutes”.

Page 7, line 4, the word (“originators”) should be changed to (“originator”).

Page 7, line 5, add the word (“a”) in front of (“principal mortgage owner”).

Page 7, line 18, the word (“Quaffing”) should be changed to (“Qualifying”).

Page 7, line 22, the word (“license”) should be changed to (“licensee”).

### **OTHER SUBSTANTIVE ISSUES**

The RLD Financial Institutions Division submitted the following substantive concerns:

- Page 2, lines 8 through 20, The lending activities delineated should contemplate the inclusion or exclusion of the types of settlement services described in the definitions of the Real Estate Settlement Procedures Act, 24 CFR Part 3500.2 as the qualification or disqualification of an individual or entity for licensure.
- Page 3, lines 6 through 22, license denials should be based upon infractions and criminal history directly related to the mortgage industry.
- Page 3, line 24 through page 4 line 9; A feasible certification curriculum would need to be re-searched and implemented by regulation, since the certification curriculum is not included in the draft bill.
- Page 4, lines 7 through 9, (“item 1-4”) cannot be “completed”. The representations made by the applicant pursuant to items 1-4 can be verified to the best of the regulator’s ability, although the items cannot be “completed”.
- Page 5, line 13 through page 6, line 2; No license type or process has been established for principal residential mortgage lending entities or owners and residential mortgage loan officers in the bill.
- Page 5, line 9. It appears that the licensee applicant would pay a \$200.00 bi-annual fee. According to the bill, the applicant shall pay sufficient fees to pay for the Licensing Authorities’ costs of processing the license. It is unknown how the figure of \$200 was obtained.

RLG/njw