Fiscal Estimate - 2003 Session

☑ Original ☐ Updated	Corrected	Supplemental			
LRB Number 03-4170/2	Introduction Number SB	3-509			
Subject Predatory lending					
Appropriations Rev	rease Existing venues	May be possible agency's budget ☐ No			
Permissive Mandatory Perr 2. Decrease Costs 4. Dec Permissive Mandatory Perr	5.Types of Local Government Units Towns Towns Counties Counties	Affected Village Cities Others <u>0</u> WTCS Districts			
Fund Sources Affected Affected Ch. 20 Appropriations GPR FED PRO PRS SEG SEGS					
Agency/Prepared By	Authorized Signature	Date			
DFI/ Susan Dietzel (608) 267-0399	Susan Dietzel (608) 267-0399	3/8/2004			

Fiscal Estimate Narratives DFI 3/8/2004

LRB Number 03-4170/2	Introduction Number	SB-509	Estimate Type	Original
Subject				
Predatory lending				

Assumptions Used in Arriving at Fiscal Estimate

This bill creates a new subchapter regulating consumer mortgage loans. The Department of Financial Institutions is responsible for the administration of the new provisions.

Approximately 500 complaints pertaining to mortgage loans are received each year by the department. Currently, 1.0 mortgage banking specialist position is available to respond to and investigate complaints. Given the volume and length of time it takes to investigate these complaints, resources available are not sufficient to provide expeditious processing. Because this bill expands the number of prohibitions associated with mortgage loans, it is assumed the number of complaints will likewise increase, though the actual increase is not known at this time. When staff time is devoted solely to complaints, there are no staff resources to allocate to periodic compliance examinations.

Additionally, the amount of time spent by department legal staff on hearings and appeals associated with mortgage loans violations is also likely to increase. Legal Counsel staff estimate that time spent on these cases will double, especially related to the provision that provides a "safe harbor" for violators if it is established that they meet certain requirements. Again, the actual impact is not certain at this time.

Long-Range Fiscal Implications