

Fiscal Estimate Narratives

DFI 12/19/2013

LRB Number	13-1311/1	Introduction Number	SB-441	Estimate Type	Original
Description Reporting by certain mortgage brokers					

Assumptions Used in Arriving at Fiscal Estimate

This bill makes changes to the audit requirement of certain licensed mortgage brokers. Currently, mortgage brokers are required to annually submit a copy of an audit conducted by an independent certified public accountant in accordance with generally accepted auditing standards. The financial statements must be prepared in accordance with generally accepted accounting principles.

Under this bill, if a mortgage broker employed five or fewer employees and had less than \$750,000 in gross revenues in the prior fiscal year, the mortgage broker must submit a financial report prepared by an independent CPA in accordance with GAAP. They do not need audited financial statements.

This bill would require additional time by licensing and examination staff to review unaudited financial statements and establish and maintain a procedure to verify the number of employees declared. Staff will need to address questions regarding when brokers qualify for reduced reporting requirements, what the differences are, and other inquiries. The amount of additional resources required is not known at this time.

Long-Range Fiscal Implications