

## Fiscal Estimate - 2003 Session

Original
  Updated
  Corrected
  Supplemental

LRB Number **03-0637/5** Introduction Number **AB-610**

**Subject**  
 Regulation of mortgage banking and mortgage brokering

**Fiscal Effect**

**State:**

No State Fiscal Effect  
 Indeterminate  
      Increase Existing Appropriations       Increase Existing Revenues       Increase Costs - May be possible to absorb within agency's budget  
      Decrease Existing Appropriations       Decrease Existing Revenues       Yes       No  
      Create New Appropriations       Decrease Costs

**Local:**

No Local Government Costs  
 Indeterminate

1.  Increase Costs      3.  Increase Revenue  
      Permissive  Mandatory       Permissive  Mandatory  
 2.  Decrease Costs      4.  Decrease Revenue  
      Permissive  Mandatory       Permissive  Mandatory

5. Types of Local Government Units Affected  
 Towns       Village       Cities  
 Counties       Others  
 School Districts       WTCS Districts

**Fund Sources Affected**      **Affected Ch. 20 Appropriations**

GPR    FED    PRO    PRS    SEG    SEGS s. 20.144(1)(g)

<b>Agency/Prepared By</b>	<b>Authorized Signature</b>	<b>Date</b>
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## Fiscal Estimate Narratives

DFI 10/29/2003

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<b>Subject</b>					
Regulation of mortgage banking and mortgage brokering					

### Assumptions Used in Arriving at Fiscal Estimate

This bill affects the licensing of mortgage loan originators by requiring applicants to pass a written examination. Additionally, licensed loan originators seeking renewal must complete continuing education requirements in order for their license to be renewed. A loan originator council is created for the purpose of approving the program of continuing education and the content of competency examinations.

The Division of Banking is to establish standards and processes for the council to follow in approving the program of continuing education and the content of the competency examination. The exam may be administered by the technical college system board or a professional trade association.

Costs associated with administering this bill will include 2.0 project positions - a professional mortgage banking specialist and a program assistant. The positions will be needed beginning July 1, 2004 for two years.

The positions will: develop and promulgate rules establishing the standards for the continuing education requirements, the content of the competency examination and fees; administer a contract for test development and test administration; staff the council; work with the technical college system and trade associations to ensure courses are available for licensees; inform licensees of new requirements and respond to licensee inquiries; track completion of both examination and education requirements and inform applicants who fail to comply; and respond to challenges and appeals.

Initial development and implementation will create the most significant impact on the work performed by the Division. Resources required for on-going administration associated with the testing and continuing education requirements for the 11,500 licensees will be reevaluated.

Complexity in administering the examination and education requirements is created because 43% of the licensed loan originators and 55% of the licensed mortgage bankers and brokers who they work for are located out of state. The provision of testing and continuing education opportunities to out of state licensees increases cost by increasing the scope of testing and training tools/opportunities that must be made available.

#### Project Position Costs:

Mortgage Banking Specialist @ \$20.00/hr \$41,760

Program Assistant @ \$12.00/hr 25,056

Total Salaries \$66,816

Fringe Benefits @ 36.77% 24,568

Total Salaries and Fringe Benefits \$91,384

Supplies and Services \$1,900 per position 3,800

Total \$95,184

The effect on revenue is not known at this time. It is possible that license revenue may decrease if licensees do not have easy access to complete the additional requirements.

### Long-Range Fiscal Implications