

Fiscal Estimate - 2003 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 03-3260/1	Introduction Number AB-792
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Subject
 Predatory lending

Fiscal Effect

State:

No State Fiscal Effect
 Indeterminate

<input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations	<input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Decrease Costs
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Local:

No Local Government Costs
 Indeterminate

1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	5. Types of Local Government Units Affected <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts
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Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By DFI/ Susan Dietzel (608) 267-0399	Authorized Signature Susan Dietzel (608) 267-0399	Date 2/10/2004
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Fiscal Estimate Narratives

DFI 2/10/2004

LRB Number	03-3260/1	Introduction Number	AB-792	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