

Fiscal Estimate - 2007 Session

Original Updated Corrected Supplemental

LRB Number 07-3098/1 **Introduction Number SB-352**

Description
 Residential mortgage loans, providing an exemption from emergency rule procedures, granting rule-making authority, and providing a penalty

Fiscal Effect

State:

- No State Fiscal Effect
- Indeterminate
 - Increase Existing Appropriations
 - Decrease Existing Appropriations
 - Create New Appropriations
- Increase Existing Revenues
- Decrease Existing Revenues
- Increase Costs - May be possible to absorb within agency's budget
 - Yes No
- 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) and s. 20.144(1)(h)

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Fiscal Estimate Narratives

DFI 12/20/2007

LRB Number	07-3098/1	Introduction Number	SB-352	Estimate Type	Original
Description Residential mortgage loans, providing an exemption from emergency rule procedures, granting rule-making authority, and providing a penalty					

Assumptions Used in Arriving at Fiscal Estimate

This bill creates disclosure requirements for lenders who offer residential mortgage loans. It requires the Department of Financial Institutions to develop various materials for the lenders. These include:

- Informational materials to be provided by lenders at the time of loan application
- Disclosure forms to be provided by lenders at the time of a loan commitment; a different form is to be developed for each type of loan.
- Disclosure forms to be provided by lenders at the time of loan closing; a different form is to be developed for each type of loan

These forms and informational materials are to be made available, upon request, to lenders and to the public, including on the Department's website. The Department may charge a reasonable fee for printed copies of the forms and materials.

The bill also directs the Department to promulgate rules necessary to implement, administer, and enforce the bill, including prescribing the forms and informational materials.

It is not known the number of disclosure forms and informational materials that will be required to be printed. It is believed that the majority of the lenders will prefer to obtain their forms and informational materials directly from the Department's website. Assuming that 250,000 of various forms will need to be printed and mailed, the cost of printing and mailing is estimated at \$6,000. The cost for these forms and materials will be covered by fees charged to the requesters.

The Division of Banking estimates that it will take approximately one-half FTE annually to perform the work associated with promulgating rules, developing the multiple disclosure forms and informational materials, performing outreach to explain the forms and the rule requirements, creating web available forms, printing and mailing paper forms, responding to both industry and consumer queries and complaints, and pursuing violators. Because the statute requires forms and informational materials for each type of loan, the development of forms and materials will be an on-going requirement as new loan types are created or existing ones modified. At an average staff salary of \$57,800, plus fringe benefits of \$23,800, the cost to fund one-half position is \$40,800.

Costs:

Salaries and Fringe Benefits for 0.5 FTE \$40,800

Printing and Mailing Costs 6,000

Total Costs \$46,800

Revenue:

Printing and Mailing Fees \$ 6,000

Long-Range Fiscal Implications