Wisconsin Department of Administration
Division of Executive Budget and Finance

Fiscal Estimate - 2013 Session

☒ Original ☐ Updated ☐ Corrected ☐ Supplemental

LRB Number **13-4099/1**	Introduction Number **SB-534**

Description
Regulation of mortgage loan originators, mortgage brokers, and mortgage bankers

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 ☐ Permissive ☐ Mandatory
2. ☐ Decrease Costs ☐ Permissive ☐ Mandatory
3. ☐ Increase Revenue ☐ Permissive ☐ Mandatory
4. ☐ Decrease Revenue ☐ Permissive ☐ Mandatory
5. Types of Local Government Units Affected
   ☐ Towns ☐ Village ☐ Cities
   ☐ Counties ☐ Others
   ☐ School Districts ☐ WTCS Districts

Fund Sources Affected

☐ GPR ☐ FED ☒ PRO ☐ PRS ☐ SEG ☐ SEGS

Affected Ch. 20 Appropriations

s. 20.144(1)(g)

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

DFI 2/3/2014

LRB Number **13-4099/1**	Introduction Number **SB-534**	Estimate Type **Original**
Description Regulation of mortgage loan originators, mortgage brokers, and mortgage bankers		

Assumptions Used in Arriving at Fiscal Estimate

This bill makes several changes covering the regulation of mortgage banking in the state. It creates changes and expands exemptions for certain entities including not-for-profits, governmental agencies, housing finance agencies, "di minimus" transactions, and others.

The bill allows for an otherwise exempt depository institution to become a registered entity that can sponsor mortgage loan originators. It requires that each registered entity obtain and maintain a license for each branch office where a sponsored mortgage loan originator engages in business.

Other changes included in the bill affect annual financial statement requirements, branch office location requirements, consideration of felony convictions in licensing, and other regulatory requirements.

The registered entity provisions included in the bill will increase revenue to the Department. Assuming that initially one depository institution applies for registered entity status with an estimated 150 branches and 150 mortgage loan originators, the increase in revenue to the Department would be an estimated $91,000:
Registered Entity 1 x $1000 fee = $1,000
Branch 150 x $350 fee = $52,500
Mortgage loan originator 150 x $250 fee = $37,500
Total Revenue Increase $91,000

It is not anticipated that changes to exemptions will significantly affect licensing revenue.

The changes to regulation included in this bill will result in increased administrative costs to the department to review applications, develop forms, and respond to questions. It is estimated that approximately 0.10 FTE examiner at a cost of $8,000 will be required for this purpose.

Long-Range Fiscal Implications