

Fiscal Estimate Narratives

DFI 1/29/2014

LRB Number	13-3853/2	Introduction Number	AB-0678	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