

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

April 15, 2003

TO: Honorable Burt R. Solomons, Chair, House Committee on Financial Institutions

FROM: John Keel, Director, Legislative Budget Board

IN RE: HB2586 by Flynn (relating to obtaining criminal history record information on an applicant for or holder of a mortgage broker or loan officer license), **Committee Report 1st House, Substituted**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2586, Committee Report 1st House, Substituted: an impact of \$0 through the biennium ending August 31, 2005.

The bill would make no appropriation but could provide the legal basis for an appropriation of funds to implement the provisions of the bill.

General Revenue-Related Funds, Five-Year Impact:

Fiscal Year	Probable Net Positive/(Negative) Impact to General Revenue Related Funds
2004	\$0
2005	\$0
2006	\$0
2007	\$0
2008	\$0

All Funds, Five-Year Impact:

Fiscal Year	Probable Revenue Gain/(Loss) from <i>GENERAL REVENUE FUND</i> 1	Probable Savings/(Cost) from <i>GENERAL REVENUE FUND</i> 1
2004	\$397,800	(\$397,800)
2005	\$397,800	(\$397,800)
2006	\$397,800	(\$397,800)
2007	\$397,800	(\$397,800)
2008	\$397,800	(\$397,800)

Fiscal Analysis

The bill would amend the Mortgage Broker License Act (MBLAct) by requiring applicants for a new license to submit fingerprints and authorizing the Savings and Loan Commissioner to obtain criminal history record information on the applicant from the Federal Bureau of Investigation (FBI) and the Department of Public Safety. The amendment conforms the statute to strict FBI requirements for the release of criminal record information. The bill does not require fingerprint checks for renewal of a license.

The bill would take effect September 1, 2003.

Methodology

The Savings and Loan Department currently has over 19,000 licenses issued to individual mortgage brokers and loan officers under the MBLAct and has consistently received an average of over 850 new license applications each month for the last twelve months. The bill would require the Department to obtain a DPS and an FBI fingerprint criminal history check to protect consumers and reduce mortgage fraud by keeping individuals with criminal backgrounds from entering the mortgage broker industry. Based on information from the DPS, in order for the FBI to perform a fingerprint criminal history check on an applicant (\$24 each), the FBI requires that a DPS fingerprint check be performed (\$15 each). The Department estimates 10,200 new background checks at \$39 each per year.

Local Government Impact

No significant fiscal implication to units of local government is anticipated.

Source Agencies: 450 Savings and Loan Department, 451 Department of Banking

LBB Staff: JK, RB, JRO, RT