

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 78TH LEGISLATIVE REGULAR SESSION

May 7, 2003

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

FROM: John Keel, Director, Legislative Budget Board

IN RE: SB252 by Staples (relating to the registration of mortgage bankers.), **Committee Report 2nd House, As Amended**

Estimated Two-year Net Impact to General Revenue Related Funds for SB252, Committee Report 2nd House, As Amended: 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	Change in Number of State Employees from FY 2003
2004	\$362,395	(\$362,395)	5.0
2005	\$431,695	(\$431,695)	6.0
2006	\$431,695	(\$431,695)	6.0
2007	\$431,695	(\$431,695)	6.0
2008	\$431,695	(\$431,695)	6.0

Fiscal Analysis

The bill would require the Savings and Loan Department to register between 4,000 and 5,000 mortgage banking companies. While the agency would not be required to license, inspect, or conduct background checks on the estimated 15,000 loan originators working for these companies, it would be required to investigate complaints against them and would be given broader ability to revoke registrations than it currently has with mortgage brokers. The bill would also require a mortgage banker to provide notice to each mortgage applicant that complaints may be sent to the agency and prescribes the agency's responsibility for investigating complaints and enforcing applicable state and federal mortgage statutes.

The bill would take effect January 1, 2004.

Methodology

The agency would require one Administrative Technician I FTE (\$29,474 total annual salary and benefits) each year and 0.5 Administrative Technician II FTE (\$16,941 total annual salary and benefits) each year to process mortgage banker registrations.

The agency would require 1.25 Administrative Technician II FTEs (\$42,353 total annual salary and benefits) each year, 0.75 Attorney III FTE (\$52,990 total annual salary and benefits) each year, 1.5 Investigator IV FTEs (\$77,076 total annual salary and benefits) each year, and 1 Investigator VI FTE (\$57,807 total annual salary and benefits) starting in fiscal year 2005 to investigate complaints, participate in enforcement hearings, and help process mortgage banker registrations.

The agency would require \$29,520 each year to pay for an administrative law judge for 328 hours of hearings (288 hours for cases related to revocations from complaints and 40 hours for cases related to revocations from late or non-payment of fees).

The agency would need to find another location for the FTEs, as the Finance Commission Building is fully occupied. This would require \$15,000 in fiscal year 2004 for a local area network in the new location.

For investigator travel and training, rent, equipment, and other operating expenses, the agency would require \$99,041 in fiscal year 2004 and \$125,534 each year thereafter.

It is assumed the agency would adjust fees to offset any costs associated with implementing the provisions of the bill.

Technology

The Savings and Loan Department would require \$15,000 in fiscal year 2004 for a local area network. The agency would also require computers and related equipment for 5 additional FTEs in fiscal year 2004 and 1 additional FTE in fiscal year 2005.

Local Government Impact

No fiscal implication to units of local government is anticipated.

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

LBB Staff: JK, JRO, RT, RB