

**LEGISLATIVE BUDGET BOARD**  
**Austin, Texas**

**FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION**

**May 16, 2007**

**TO:** Honorable Troy Fraser, Chair, Senate Committee on Business & Commerce

**FROM:** John S. O'Brien, Director, Legislative Budget Board

**IN RE: HB2783** by Solomons (Relating to the regulation of certain persons involved in mortgage lending.), **As Engrossed**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB2783, As Engrossed: an impact of \$0 through the biennium ending August 31, 2009.

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
2008	\$0
2009	\$0
2010	\$0
2011	\$0
2012	\$0

**All Funds, Five-Year Impact:**

Fiscal Year	Probable (Cost) from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Probable Revenue Gain from <i>GENERAL REVENUE</i> <i>FUND</i> 1	Change in Number of State Employees from FY 2007
2008	(\$90,207)	\$90,207	2.0
2009	(\$78,207)	\$78,207	2.0
2010	(\$78,207)	\$78,207	2.0
2011	(\$78,207)	\$78,207	2.0
2012	(\$80,207)	\$80,207	2.0

**Fiscal Analysis**

The bill would amend the Finance Code relating to the regulation of mortgage brokers by requiring a mortgage broker (broker) to file a copy of an assumed name certificate for each name under which the broker conducts business with the Department of Savings and Mortgage Lending (SML) and require a broker or licensed entity regulated under the provisions of this bill to provide notification of any name change to SML. The bill would authorize the SML commissioner to assess certain fees related to the costs of implementing the provisions of the bill and authorize the commissioner to suspend a license under certain conditions. The bill would require that the application fee for a loan officer license not exceed \$275. The bill would also authorize the finance commission to adopt rules related to mortgage broker courses, including assessing fees related to the costs for providing these courses.

This bill would take effect September 1, 2007.

### **Methodology**

It is estimated that the Department of Savings and Mortgage Lending (SML) would have a cost associated with implementing the provisions of the bill. Based on the analysis of SML, it is assumed that compiling and tracking this additional information would necessitate additional resources at a cost of \$168,414 through 2009.

SML also estimates costs for staff of \$59,558 each year for 2.0 FTEs in fiscal year 2008 through fiscal year 2012. Other operating expenses and equipment are estimated at \$13,800 in fiscal year 2008, \$1,800 each fiscal year from 2009 through fiscal year 2011, and \$3,800 in fiscal year 2012. Estimated costs also include \$16,849 each fiscal year from 2008 through fiscal year 2012 for associated benefits.

SML is required by statute to adjust fees to generate revenue sufficient to cover all direct and indirect costs. Therefore, this analysis assumes that any increased costs resulting from this bill would be offset by an equal increase in fee generated revenue.

### **Technology**

It is assumed that there would be a technology impact of \$2,000 in fiscal year 2008 and fiscal year 2012 to provide and upgrade computers for FTEs related to implementing the provisions of this bill.

### **Local Government Impact**

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

**Source Agencies:** 450 Department of Savings and Mortgage Lending  
**LBB Staff:** JOB, JRO, MW, TGI