

LEGISLATIVE BUDGET BOARD
Austin, Texas

FISCAL NOTE, 80TH LEGISLATIVE REGULAR SESSION

May 18, 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.), **Committee Report 2nd House, As Amended**

Estimated Two-year Net Impact to General Revenue Related Funds for HB2783, Committee Report 2nd House, As Amended: 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	(\$434,855)	\$434,855	9.0
2009	(\$380,855)	\$380,855	9.0
2010	(\$380,855)	\$380,855	9.0
2011	(\$380,855)	\$380,855	9.0
2012	(\$389,855)	\$389,855	9.0

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 authorize the finance commission to adopt rules related to mortgage broker courses, including assessing fees related to the costs for providing these courses. The bill would

require SML to issue a provisional license within 10 days of receiving a completed application or within 2 days of receiving certain criminal background information and authorize the finance commission to impose a fee not to exceed \$100 for an expedited issuance of a provisional loan officer license.

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 \$815,710 through 2009.

SML also estimates costs for staff of \$288,803 each year for 7.0 Administrative Assistant II positions, 1.0 Administrative Assistant IV position, and 1.0 Program Specialist in fiscal year 2008 through fiscal year 2012. Other operating expenses and equipment are estimated at \$63,850 in fiscal year 2008, \$9,850 each fiscal year from 2009 through fiscal year 2011, and \$18,850 in fiscal year 2012. Travel costs are estimated at \$500 each fiscal year from 2008 through fiscal year 2012. Estimated costs also include \$81,702 each fiscal year from 2008 through fiscal year 2012 for associated benefits.

This analysis assumes that any increased costs resulting from implementing the provisions of the bill would be offset by an equal increase in fee revenue generated because SML is required by statute to adjust fees to generate revenue sufficient to cover all direct and indirect costs.

Technology

It is assumed that there would be a technology impact of \$9,000 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