

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

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

**April 13, 2007**

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

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

**IN RE: HB3144** by Flynn (Relating to requirements for obtaining a mortgage broker or loan officer license.), **As Introduced**

**Estimated Two-year Net Impact to General Revenue Related Funds** for HB3144, As Introduced: 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	(\$344,648)	\$344,648	7.0
2009	(\$302,648)	\$302,648	7.0
2010	(\$302,648)	\$302,648	7.0
2011	(\$302,648)	\$302,648	7.0
2012	(\$309,648)	\$309,648	7.0

**Fiscal Analysis**

The bill would amend the Finance Code relating to requirements for obtaining a mortgage broker or loan officer license by requiring the commissioner of the Department of Savings and Mortgage Lending to issue an applicant for a loan officer license a provisional license within 24 hours of receiving a request for a license from the applicant if certain conditions are met, and require 30 hours of commissioner approved classroom education courses to become a mortgage broker.

This bill would take effect September 1, 2007.

## **Methodology**

Based on information provided by the Department of Savings and Mortgage Lending (SML), it is assumed that SML would have a cost associated with issuing provisional licenses to certain applicants within 24 hours of receiving an application and approving certain classroom education courses.

Based on the analysis of SML, it is assumed that the provisions of this bill would necessitate additional resources at a cost of \$647,296 through fiscal year 2009.

SML also estimates costs for staff of \$229,245 for 7.0 FTEs each year from fiscal year 2008 through fiscal year 2012, which includes 5.0 Administrative II positions, 1.0 Administrative IV position, and 1.0 Program Specialist position. Other operating expenses, travel, equipment, and consumable supplies are estimated at \$50,550 in fiscal year 2008, \$5,550 each year from fiscal year 2009 through fiscal year 2011, and \$15,550 in FY12. Estimated costs also include \$64,853 each year from fiscal year 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. Since SML reports that application fees for both loan officers and mortgage brokers are currently set at the statutory maximum, this analysis assumes any additional revenues would be generated from other application or licensing fee increases.

## **Technology**

There would be a technology impact of \$7,000 in fiscal year 2008 and fiscal year 2012 for computers and related software.

## **Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:** 450 Department of Savings and Mortgage Lending, 451 Department of Banking, 469 Credit Union Department

**LBB Staff:** JOB, JRO, MW, TGI