

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

**FISCAL NOTE, 86TH LEGISLATIVE REGULAR SESSION**

**March 10, 2019**

**TO:** Honorable Kelly Hancock, Chair, Senate Committee on Business & Commerce

**FROM:** John McGeady, Assistant Director    Sarah Keyton, Assistant Director  
Legislative Budget Board

**IN RE:** **SB42** by Zaffirini (Relating to residential mortgage loans, including the financing of residential real estate purchases by means of a wrap mortgage loan; providing licensing requirements; authorizing an administrative penalty.), **As Introduced**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
--

This bill would amend the Finance Code relating to the financing of residential real estate purchases by means of a wrap mortgage loan. Licensing of residential mortgage loan originators is done through the Department of Savings and Mortgage Lending (DSML).

DSML indicates it is difficult to predict the number of wrap lenders that will need to be licensed, but the agency estimates at least 100 new licensees requiring additional licensing and examination needed, as well as the impact of regulatory activities. The agency would likely hire two full-time equivalents to handle the additional workload.

Since DSML is a self-directed semi-independent agency and must generate revenues to support its costs, the bill would have no fiscal impact to the state.

The Office of Court Administration and the Office of the Attorney General indicate that any additional work for their agencies would be absorbed within current resources.

The bill would take effect September 1, 2019.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

**Source Agencies:**        212 Office of Court Administration, Texas Judicial Council, 302 Office of the Attorney General, 304 Comptroller of Public Accounts, 450 Department of Savings and Mortgage Lending, 451 Department of Banking

**LBB Staff:** WP, CLo, SGr, MB