

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

**FISCAL NOTE, 87TH LEGISLATIVE REGULAR SESSION**

**May 6, 2021**

**TO:** Honorable Dan Patrick, Lieutenant Governor, Senate

**FROM:** Jerry McGinty, Director, Legislative Budget Board

**IN RE: SB43** by Zaffirini (Relating to residential mortgage loans, including the financing of residential real estate purchases by means of a wrap mortgage loan; providing licensing and registration requirements; authorizing an administrative penalty.), **As Passed 2nd House**

<p><b>No significant fiscal implication to the State is anticipated.</b></p>
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The bill would amend the Finance Code to define a wrap mortgage loan, to prohibit a person from originating or making a wrap mortgage loan unless the person possesses certain licensures or registrations, and to exempt certain entities and individuals from certain provisions of the bill.

The bill would specify circumstances in which a wrap mortgage borrower may rescind certain agreements and would allow these borrowers bring legal action to obtain declaratory or injunctive relief, recover actual damages, or pursue other remedies in relation to their loan. In addition, the bill would allow the Department of Savings and Mortgage Lending (DSML) to investigate a wrap lender to determine whether the lender is in compliance with statute. If not, provisions in the bill would grant DSML the authority to issue a cease and desist order and to impose an administrative penalty.

It is assumed that the costs associated with the bill's provisions relating to residential mortgage loans could be absorbed using existing resources. The Department of Savings and Mortgage Lending (DSML) collects revenues to fully fund its own operations and does not receive general revenue appropriations. The agency estimates costs totaling \$258,892 over the 2022-23 biennium for increases in travel, investigation activities, and salaries for 2.0 additional full-time equivalents related to the bill. DSML revenue sources, including licensing fees, may be adjusted to collect sufficient revenue to fund these items. Other affected agencies anticipate that any legal work resulting from the passage of this bill could be absorbed with current appropriations.

**Local Government Impact**

No fiscal implication to units of local government is anticipated.

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

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