

2009 Regular Legislative Session
FISCAL ANALYSIS OF PROPOSED LEGISLATION
Prepared by the Oregon Legislative Fiscal Office

MEASURE NUMBER: HB 2189 **STATUS:** Original
SUBJECT: Relating to the Nationwide Mortgage Licensing System and Registry
GOVERNMENT UNIT AFFECTED: Department of Consumer and Business Services
PREPARED BY: Robin LaMonte
REVIEWED BY: John Borden, Robin LaMonte
DATE: January 23, 2009

	<u>2009-2011</u>	<u>2011-2013</u>
EXPENDITURES:		
Personal Services	\$ 868,741	\$ 1,115,365
Services & Supplies	\$ 137,280	\$ <u>102,364</u>
	\$ 1,006,021	\$ 1,217,729

	<u>2009-2011</u>	<u>2011-2013</u>
REVENUES:		
See comments	\$	\$

POSITIONS / FTE:		
See comments	7/6.75	7/7.00

EFFECTIVE DATE: On passage

GOVERNOR'S BUDGET: This bill is anticipated by the Governor's recommended budget.

LOCAL GOVERNMENT MANDATE: This bill does not affect local governments' service levels or shared revenues sufficient to trigger Section 15, Article XI of the Oregon Constitution.

ANALYSIS: HB 2189 authorizes the Director of the Department of Consumer and Business Services (DCBS) to license mortgage brokers and bankers in cooperation with the Nationwide Mortgage Licensing System Registry, and establishes requirements under which mortgage brokers and bankers may obtain licenses. This bill implements the requirements of Title V of the 2008 Housing and Economic Recovery Act. This Act requires all states to have a system of licensing for residential mortgage loan originators by August 1, 2009. Failure to comply could result in the Federal government taking over the licensing system. The Act also requires annual, rather than biennial, licensing.

The fiscal impact of this bill relates to the new requirements for licensing and background checks that DCBS must conduct under the provisions of this bill, and from annual licensing requirements. DCBS estimates additional workload from approximately 7,500 criminal history and credit checks, plus additional telephone inquiries. The Governor's Recommended Budget includes one Financial Examiner 2 position, five Financial Examiner 1 positions, one Information Systems Specialist 7, and one limited duration Financial Enforcement Officer (0.75 FTE) and related services and supplies to address this workload. DCBS will also reassign current field examination staff to assist with workload during peak periods.

DCBS indicates that addition of these positions will fully staff the mortgage lending program.

Revenue for this program is from examination fees, which may not be sufficient to fully fund the new positions. DCBS estimates it will need to increase these fees at a future date. Appropriate revenue, funding, and staffing levels will need to be reviewed as part of the Joint Committee on Ways and Means budget review of DCBS.