

FISCAL IMPACT OF PROPOSED LEGISLATION**Measure: SB 826 - A**Seventy-Sixth Oregon Legislative Assembly – 2011 Regular Session
Legislative Fiscal OfficePrepared by: Robin LaMonte
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Date: April 26, 2011**Measure Description:**

Authorizes Department of Consumer and Business Services to adopt rules to regulate certain activities of persons that service mortgage loans, requires that mortgage loan servicers register with the Department of Consumer and Business Services, and provides the definitions and requirements for providing mortgage services.

Government Unit(s) Affected:

Department of Consumer and Business Services (DCBS)

Summary of Expenditure Impact

	2011-13 Biennium	2013-15 Biennium
Other Funds	361,382	236,027
Total Funds	\$361,382	\$236,027
Positions	3	2
FTE	2.38	1.50

Summary of Revenue Impact - See Comments

	2011-13 Biennium	2013-15 Biennium
Other Funds	300,000	300,000
Total Funds	\$300,000	\$300,000

Local Government Mandate:

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

Analysis:

SB 826 authorizes the Department of Consumer and Business Services to adopt rules to regulate certain activities of persons that service mortgage loans (servicers), requires that mortgage servicers register with the DCBS, and provides the definitions and requirements for providing mortgage services.

DCBS assumes that, under the definitions in the bill, national banks will not be required to register; that bank subsidiaries must register, and that, based on the experience of other states, approximately 100 companies would be required to register.

DCBS is authorized to investigate complaints against servicers. DCBS and the Department of Justice jointly received 600 complaints in the past year. Based on the current condition of the economy and the provisions of the bill, DCBS estimates that these complaints will increase to 1,500 in the 2011-13 biennium, and that DCBS will be required to investigate 1,000 of these complaints. DCBS estimates that, at an average of 6 hours of investigation per complaint, one permanent and two limited-duration Financial Examiner 1 positions would be required to complete this work, at a cost of \$319,078. DCBS

estimates that this workload will drop in subsequent biennia, and has reduced its 2013-15 staffing and cost estimates accordingly.

The bill authorizes DCBS to establish rules necessary to implement the bill. DCBS will collect a registration fee of approximately \$1,500 per company per year, and will received biennial revenue sufficient to recover its costs. DCBS is also authorized to recover the actual cost of investigations. DCBS generally charges an hourly examination rate of \$75 per hour. DCBS is unable to quantify the actual number of investigations, or the number of hours that might be involved. Further, DCBS generally does not collect investigative fees if that money might otherwise be returned to consumers. Therefore, the revenue that might be recovered from investigations is indeterminate.