

**FISCAL IMPACT OF PROPOSED LEGISLATION**

**Measure: SB 98 - 4**

79th Oregon Legislative Assembly – 2017 Regular Session  
Legislative Fiscal Office

*Only Impacts on Original or Engrossed  
Versions are Considered Official*

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**Measure Description:**

Requires certain persons that service residential mortgage loans in this state to obtain or renew license.

**Government Unit(s) Affected:**

Department of Consumer and Business Services (DCBS)

**Summary of Expenditure Impact:**

|                    | <b>2017-19 Biennium</b> | <b>2019-21 Biennium</b> |
|--------------------|-------------------------|-------------------------|
| Other Funds        | 166,018                 | 184,398                 |
| <b>Total Funds</b> | <b>\$166,018</b>        | <b>\$184,398</b>        |
| Positions          | 1                       | 1                       |
| FTE                | 0.88                    | 1.00                    |

**Analysis:**

SB 98 -4 creates a program in the Department of Consumer and Business Services (DCBS) to regulate third-party residential mortgage loan servicers. No such regulatory program currently exists in Oregon.

Under the bill, mortgage loan servicers would be required to obtain a license from DCBS to service a loan, engage in loss mitigation activities, or hold mortgage servicing rights. Certain entities would be exempt from the licensing requirements, including consumer finance companies, depository institutions and government agencies that originate and service mortgage loans, and entities that service fewer than 5,000 loans, as long as the entity did not originate or does not own the loan.

The bill gives DCBS examination, investigation and enforcement authority, as well as authority to set the license and renewal fee by rule. The bill allows DCBS to assess the costs of examinations and disciplinary proceedings for violations of state licensing and federal consumer protection laws against a servicer. Any civil penalties collected for violations are to be deposited in the General Fund.

DCBS estimates that 150 entities would fall under this regulatory regime. The Department received an average of 168 complaints per year over the past two years, even though the Department had no regulatory authority over loan servicers during that time. DCBS anticipates that complaints will increase by about 50 per year as consumers become aware of this new regulatory program.

The workload associated with this bill will include processing license applications, performing compliance examinations, and receiving and investigating complaints. DCBS will need a Financial Examiner 2 (1.0 FTE) to handle complaint investigations and to conduct examinations. The remainder of the work will be absorbed with existing staff and resources at DCBS.

DCBS will fund the position with license and examination fees. Estimated costs for this position for the 2017-2019 biennium are approximately \$166,018 (.88 FTE) and \$184,398 (1.0 FTE) for the 2019-2021 biennium.