

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1548-01
Bill No.: SB 339
Subject: Mortgages and Deeds; Department of Insurance, Financial Institutions and Professional Registration
Type: Original
Date: March 26, 2019

Bill Summary: This proposal changes provisions relating to mortgage broker licensing.

FISCAL SUMMARY

| ESTIMATED NET EFFECT ON GENERAL REVENUE FUND | | | |
|--|------------|------------|------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| Total Estimated Net Effect on General Revenue | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON OTHER STATE FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| Residential Mortgage Licensing Fund (0261) | \$6,000 | \$6,000 | \$6,000 |
| | | | |
| Total Estimated Net Effect on Other State Funds | \$6,000 | \$6,000 | \$6,000 |

Numbers within parentheses: () indicate costs or losses.

This fiscal note contains 4 pages.

| ESTIMATED NET EFFECT ON FEDERAL FUNDS | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| | | | |
| Total Estimated Net Effect on <u>All</u> Federal Funds | \$0 | \$0 | \$0 |

| ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE) | | | |
|---|----------------|----------------|----------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| | | | |
| | | | |
| Total Estimated Net Effect on FTE | 0 | 0 | 0 |

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

| ESTIMATED NET EFFECT ON LOCAL FUNDS | | | |
|--|----------------|----------------|----------------|
| FUND AFFECTED | FY 2020 | FY 2021 | FY 2022 |
| Local Government | \$0 | \$0 | \$0 |

FISCAL ANALYSIS

ASSUMPTION

Sections 443.717 - 443.857

Officials from the **Department of Insurance, Financial Institutions and Professional Registration (DIFP)** estimate 8 to 10 new companies will request licenses along with a \$600 licensing fee. Additional revenues to the Residential Mortgage Fund are estimated to be up to \$6,000 (10 x \$600).

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department may need to request additional staff to handle increase in workload.

Oversight notes that the DIFP has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a revenue to the Residential Mortgage Fund of \$6,000 in FY 2020, FY 2021 and FY 2022 and no additional cost to the DIFP on the fiscal note.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** assume the fingerprint/background checks will be minimal and therefore assume the proposal will have no fiscal impact on their organization.

Oversight notes that the MHP has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for that agency.

| <u>FISCAL IMPACT - State Government</u> | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
|--|-----------------------|-----------------------|-----------------------|
| RESIDENTIAL MORTGAGE LICENSING FUND | | | |
| Revenue - DIFP \$600 filing fee | <u>\$6,000</u> | <u>\$6,000</u> | <u>\$6,000</u> |
| ESTIMATED NET EFFECT TO THE RESIDENTIAL MORTGAGE LICENSING FUND | <u>\$6,000</u> | <u>\$6,000</u> | <u>\$6,000</u> |

| <u>FISCAL IMPACT - Local Government</u> | FY 2020 (10 Mo.) | FY 2021 | FY 2022 |
|---|---------------------|------------|------------|
| | <u>\$0</u> | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Current law requires mortgage loan originators to satisfy a prelicensing education requirement through approved education courses. This act provides that a prelicensing education course that is completed by an individual shall not satisfy this requirement if the course precedes an application by a certain time period that is established by the Nationwide Mortgage Licensing System and Registry.

The act further allows the Director of the Division of Finance to waive the requirement that residential mortgage loan broker's maintain at least one full-service office in the state of Missouri for any person that provides mortgage loan servicing or that is exclusively engaged in the business of loan processing or underwriting.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Insurance, Financial Institutions and Professional Registration
Department of Public Safety - Missouri Highway Patrol

Kyle Rieman
Director
March 26, 2019



Ross Strope
Assistant Director
March 26, 2019