

Department of Planning and Budget
2006 Fiscal Impact Statement

1. **Bill Number** SB145-S2

House of Origin Introduced Substitute Engrossed

Second House In Committee Substitute Enrolled

2. **Patron** Deeds

3. **Committee** update before posting!!

4. **Title** Mortgage loan servicing practices; penalties.

5. **Summary/Purpose:** Prohibits persons that service mortgage loans from taking certain actions with respect to mortgage loans, including failing to apply payments to the loan and taking actions for the primary purpose of creating a default under the terms of a mortgage loan. A violation constitutes a Class 1 misdemeanor. Violators are also subject to civil penalties and private actions. Substitute proposes adding § 6.1-431.7 that authorizes the State Corporation Commission to investigate the affairs, business and premises of any persons subject to the provisions and makes such person liable for the actual travel and reasonable living expenses incurred on account of the examination of books and records.

6. **Fiscal Impact Estimates are:** PRELIMINARY; See item 8.

7. **Budget amendment necessary:** No.

8. **Fiscal implications:** Anyone convicted of a Class 1 misdemeanor is subject to a sentence of up to 12 months in jail. There is not enough information available to reliably estimate how many additional inmates in jail could result from this proposal. Any increase in jail population will increase costs to the state. The Commonwealth pays the localities \$8.00 a day for each misdemeanant or otherwise local responsible prisoner held in a jail. It also funds most of the jails' operating costs, e.g. correctional officers. The state's share of these costs on a per prisoner, per day basis varies from locality to locality. However, according to the Compensation Board's most recent Jail Cost Report (FY 2004), the estimated total state support for local jails averaged \$26.03 per inmate, per day in FY 2004.

9. **Specific agency or political subdivisions affected:** State Corporation Commission, local and regional jails, Compensation Board, state and local law enforcement agencies.

10. **Technical amendment necessary:** No.

11. **Other comments:** None.

Date: 02/15/06 jgc

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cc: Secretary of Public Safety
Secretary of Administration