

# Department of Planning and Budget

## 2008 Fiscal Impact Statement

**1. Bill Number** HB 408

**House of Origin**    ☐ Introduced    ☐ Substitute    ☐ Engrossed  
**Second House**    ☐ In Committee    ☐ Substitute    ☒ Enrolled

**2. Patron**    Oder

**3. Committee** Passed both houses

**4. Title**    Foreclosure rescue transactions

**5. Summary/Purpose:**

The proposed legislation would prohibit certain actions by a supplier of services purported to assist in avoiding or preventing foreclosure of residential real property occupied by the owner as his primary dwelling unit. The prohibited actions would be:

- Requiring a fee to be paid prior to the settlement on the sale of the residential real property;
- Failing to make payments under the mortgage or deed of trust that is a lien on the property and applying rents received from the property to the supplier's own use;
- Representing to the seller of the residential property that the seller has an option to repurchase the property, unless there is a written contract providing such option; and
- Advertising or offering such prohibited services.

Persons violating these provisions would be subject to a civil penalty of up to \$2,500 per violation. If the violator has also violated the terms of any injunction imposed in relation to these provisions, he would be subject to a civil penalty of up to \$5,000 per violation. The revenue from any fines for violations of these provisions would be deposited into the Literary Fund.

**6. Fiscal Impact:** Final. See Item 8.

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

**8. Fiscal implications:**

Because these prohibitions are not currently in law, it is not feasible to project the number of persons who might be found in violation of them. Similarly, it is not feasible to project the amount of revenue that might be deposited into the Literary Fund as a result of the provisions of the legislation.

**9. Specific agency or political subdivisions affected:**

Department of Agriculture and Consumer Affairs  
Attorney General

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

**11. Other comments:** None.

**Date:** {3/10/2008} rwh

**Document:** {G:\LEGIS\fis-08\hb408ER.doc}