State Corporation Commission
2009 Fiscal Impact Statement

1. **Bill Number:** SB1020

   House of Origin __ Introduced _X_ Substitute ___ Engrossed

   Second House ___ In Committee ___ Substitute ___ Enrolled

2. **Patron:** McEachin

3. **Committee:** Senate Floor

4. **Title:** **Mortgage Lender and Broker Act; prohibited practices.**

5. **Summary:** Mortgage Lender and Broker Act; prohibited practices. Imposes upon mortgage brokers the duties to use reasonable skill, care, and diligence in exercising the broker's duty (which duty is created) to make reasonable efforts to secure a mortgage loan that is in the best interests of the applicant, considering the applicant's circumstances and loan characteristics, including but not limited to the product type, rates, charges, and repayment terms of the loan. The measure authorizes a borrower who has suffered a loss as a result of a broker's breach of duty to bring an action against a broker to recover actual damages. In addition to any damages awarded, a borrower also may be awarded attorney fees and court costs.

6. **Fiscal Impact Estimates:** Not available. See Item 8.

7. **Budget Amendment Necessary:** No.

8. **Fiscal Implications:** Exact figures cannot be determined without further analysis and consideration. The fiscal impact will depend on how the Bureau of Financial Institutions will be expected to enforce the duties and requirements found on Lines 67 - 70. For example, if supervised solely through investigations and examinations from consumer complaints received, there may be minimal fiscal impact on the Bureau, assuming the number of complaints received by the Bureau does not increase dramatically. However, it is possible that enactment of the bill may result in an increase of consumer complaints, thus the impact will depend on whether investigation, examination and resolution of those complaints can be absorbed by existing personnel. If handled through statutorily required examinations of mortgage licensees, with new review procedures incorporated into the examination process, the examination processing time would increase with a commensurate increase in Bureau costs. Given the ongoing reduction in the number of mortgage licensees over the past year due to deteriorating economic conditions, and the related reduction in the number of loans made by mortgage licensees, it is possible such an examination review could be accomplished by existing examination staff, with no significant increase in costs.

9. **Specific Agency or Political Subdivisions Affected:** State Corporation Commission and its Bureau of Financial Institutions

10. **Technical Amendment Necessary:** No.

11. Other Comments: None.

Date: 2/6/09 E.J. Face, Jr.
Cc: Secretary of Commerce and Trade