

**State Corporation Commission
2008 Fiscal Impact Statement**

1. Bill Number: SB157

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. Patron: McEachin

3. Committee: Commerce and Labor

4. Title: **Mortgage Lender and Broker Act; duties to borrowers.**

5. Summary: Mortgage Lender and Broker Act; duties to borrowers. Establishes a fiduciary duty of mortgage brokers to borrowers. Mortgage brokers are required to act in the borrower's best interest and with the utmost good faith. Mortgage brokers have the duties (i) to disclose all material information that might reasonably affect the borrower's rights, interests, or ability to receive the intended benefit from the loan, including the total compensation that the mortgage broker would receive from any of the loan options presented to the borrower, and (ii) to make reasonable efforts to secure or obtain a mortgage loan that is in the best interest of the borrower. Mortgage lenders are required to act in good faith and deal fairly in any transaction, practice or course of business in connection with a mortgage loan, and to make reasonable efforts to make a mortgage loan that is reasonably advantageous to the borrower. In addition, mortgage brokers and lenders are required to safeguard and account for any money handled for a borrower, follow reasonable and lawful instructions from the borrower, and use reasonable skill, care, and diligence.

6. Fiscal Impact Estimates: Not available at this time. See Item 8.

7. Budget Amendment Necessary: No.

8. Fiscal Implications: The fiscal impact is unknown at this time. Additional staff may be required to determine compliance. Due to the number of proposed required duties in Senate Bill 157, further study is required to determine the appropriate level of staffing necessary to examine for compliance.

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

10. Technical Amendment Necessary: No

11. Other Comments: No

Date: 1/18/2008 jf

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cc: Secretary of Commerce and Trade