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## ***Detailed Fiscal Analysis***

This bill requires the Superintendent of Financial Institutions to adopt rules that would provide for a prorating of the renewal fee for a new certificate of registration or license for a mortgage broker or loan officer. Specifically, the first renewal of a new certificate or license would be based upon the number of months the initial certificate or license was in effect. However, the bill limits the prorated renewal fee to the first renewal of the applicant's initial certificate or license.

Mortgage broker certificates (\$350 per location) and loan officer licenses (\$100) expire annually on April 30. Therefore, a new mortgage broker registration taking effect in January, for example, would pay a reduced amount for the first renewal. The Division of Financial Institutions (DFI) reported that, historically, there have been approximately 150 new mortgage broker applications and approximately 5,200 new loan officer applications per fiscal year (the Department of Commerce noted that the loan officer profession is especially transient, which explains the high number of new applications per year). Mortgage broker registrations and loan officer licenses are granted steadily throughout the year.

However, according to DFI, loan officer license applications have dropped by approximately 90% since the enactment of Am. Sub. S.B. 185 of the 126th General Assembly, which contained new continuing education and criminal and civil records checks of mortgage broker and loan officer application requirements in an effort to reduce predatory lending. While DFI is not certain whether the decreased number of applications will continue, the amount of revenue loss specifically attributed to the bill would likely be only in the tens of thousands of dollars if the decreased number of new applications persists.

If loan officer license applications were to return to historical levels, DFI, by taking a monthly average of the number of new mortgage broker and loan officer applications, reports that the Consumer Finance Fund (Fund 553) could lose approximately \$250,000 per fiscal year due to the prorated first renewal fees. For FY 2006, DFI reported \$754,250 in initial and renewal fee revenue from mortgage broker registrations and \$790,200 in initial and renewal fee revenue from loan officer licenses.

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