

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: June 23, 2010
POSITION: Neutral

BILL NUMBER: SB 1137
AUTHOR: Senate Banking, Finance and Insurance

BILL SUMMARY: Mortgage Lending

Under existing law, the Department of Corporations (DOC) is responsible for the licensure and regulation of persons engaged in the business of making consumer loans, and making and servicing mortgage loans. Under current law, the Department of Real Estate (DRE) is responsible for the licensure and regulation of real estate brokers. Existing law requires a licensed finance lender or broker employing one or more mortgage loan originators to continuously maintain a minimum net worth of \$250,000.

This bill would provide that a finance lender that employs one or more mortgage loan originators and that arranges, but does not make, residential mortgage loans is required to continuously maintain a minimum net worth of at least \$50,000. This bill would also make minor changes in the statutes enacted to conform to the requirements of the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 (SAFE Act).

FISCAL SUMMARY

The DOC and DRE have indicated that this bill would have no state fiscal impact.

COMMENTS

Finance notes the following regarding this bill:

- The intent of this measure is to differentiate between smaller licensees that merely arrange loans from those that actually make residential mortgage loans.
- This bill would make minor changes in the statutes enacted to conform to the requirements of the federal SAFE Act of 2008.

| Code/Department Agency or Revenue Type | (Fiscal Impact by Fiscal Year) | | | | | | | Fund Code | | |
|--|--------------------------------|----|----|------|------------------------------------|----|-----------|--------------|-----------|------|
| | (Dollars in Thousands) | | | | | | | | | |
| | SO | LA | CO | PROP | FC | FC | FC | | | |
| 2320/Real Estate | SO | No | | | 2009-2010 | FC | 2010-2011 | FC | 2011-2012 | 0317 |
| 2180/Corporations | SO | No | | | ----- No/Minor Fiscal Impact ----- | | | 0067 | | |

| <u>Fund Code</u> | <u>Title</u> |
|------------------|--------------------------|
| 0067 | Corporations Fund, State |
| 0317 | Real Estate Fund |

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| Analyst/Principal (0761) C. Hill | Date | Program Budget Manager Mark Hill | Date |
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| Department Deputy Director | Date |
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| Governor's Office: | By: | Date: | Position Approved _____ |
| | | | Position Disapproved _____ |

BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)