

COMMITTEE ON LEGISLATIVE RESEARCH  
 OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 0535-01  
Bill No.: HB 181  
Subject: Banks & Financial Institutions–Mortgages  
Type: Original  
Date: January 3, 2001

FISCAL SUMMARY

ESTIMATED NET EFFECT ON STATE FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
<b>Total Estimated Net Effect on <u>All</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
None			
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2002	FY 2003	FY 2004
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
 This fiscal note contains 3 pages.

FISCAL ANALYSIS

ASSUMPTION

Officials at the **Department of Insurance** and the **Department of Economic Development - Divisions of Finance and Credit Unions** assume the proposal would have no fiscal impact on their agencies.

<u>FISCAL IMPACT - State Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
<u>FISCAL IMPACT - Local Government</u>	FY 2002 (10 Mo.)	FY 2003	FY 2004
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

Lenders classified as small businesses would be required to comply with the provisions of this proposal.

DESCRIPTION

This bill regulates high-cost home loans and establishes certain lender reporting requirements. It prohibits specific practices, including issuing high-cost loans stipulating negative amortization, flipping, making misleading statements about a residential home loan transaction, and compensating or intimidating appraisers to influence their judgment with regard to the value of the real estate.

The bill penalizes persons who in bad faith attempt to avoid application of the provisions. High-cost loan lenders acting in good faith who fail to comply with the bill's provisions will not be deemed violators if they take specified steps to comply. Lenders who violate the bill's provisions are subject to forfeiture of all principal and interest on loans made in violation.

Lenders exempt from certain federal reporting requirements must report to the Director of the Division of Finance the number and amounts of several types of loans made by the lender for the calendar year and certain demographic information of mortgage applicants such as census tract, income level, racial characteristics, and gender. These reports will be made in the same format as reports required to be made to any federal agency.

The reporting provisions will be effective on January 1, 2003, and the other provisions of the bill

will be effective on January 1, 2002.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
    Division of Finance  
    Division of Credit Unions  
Department of Insurance



Jeanne Jarrett, CPA  
Director  
January 3, 2001