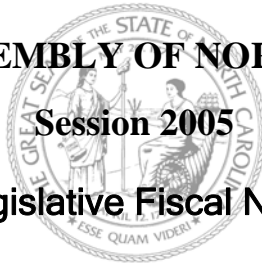


GENERAL ASSEMBLY OF NORTH CAROLINA



Session 2005

Legislative Fiscal Note

BILL NUMBER: Senate Bill 2043 (First Edition)

SHORT TITLE: Increase Mortgage Lending Fees.

SPONSOR(S): Senator Rand

FISCAL IMPACT					
	Yes (X)	No ()	No Estimate Available ()		
	<u>FY 2006-07</u>	<u>FY 2007-08</u>	<u>FY 2008-09</u>	<u>FY 2009-10</u>	<u>FY 2010-11</u>
REVENUES:					
General Fund	<u>No Impact to General Fund</u>				
OCOB	\$1,268,331	\$1,596,550	\$1,596,550	\$1,596,550	\$1,596,550
EXPENDITURES:					
POSITIONS (cumulative):					
PRINCIPAL DEPARTMENT(S) & PROGRAM(S) AFFECTED: Office of the Commissioner of Banks (OCOB)					
EFFECTIVE DATE: October 1, 2006					

BILL SUMMARY: Senate Bill 2043 increases the amount of various fees assessed by the Office of Commissioner of Banks (OCOB) and makes other changes to G.S. 53-243.05 and G.S. 53-243.06. The bill:

- Increases the base application fee for licensure as a mortgage broker or mortgage banker from \$1,000 to \$1,500;
- Increases the base application fee for licensure as a loan officer or limited loan officer from \$50 to \$100;
- Increases the filing fee for issuance of licenses for principal and branch offices of mortgage bankers and brokers from \$100 to \$150;
- Increases the base renewal fee for licensed mortgage bankers and mortgage brokers from \$500 to \$750;
- Increases the base renewal fee for branch offices of licensed mortgage bankers and brokers from \$100 to \$150 each;

- Increases the annual renewal fee for licensed loan officers from \$50 to \$100;
- Creates a new \$100 late fee for failure to timely renew a license for a loan officer or limited loan officer;
- Increases the surety bond requirements for mortgage bankers and brokers from \$250,000 to \$500,000 and eliminates the option of depositing cash or securities in lieu of a surety bond;
- Increases the net worth required for waiver of the bond requirement for qualified lenders from \$250,000 to \$500,000; and,
- Provides for the automatic administrative suspension of a license for failure to maintain an active surety bond.

Senate Bill 2043 provides that all fees are payable to the Commissioner of Banks, a national licensing agency, or an enterprise designated by the Commissioner.

ASSUMPTIONS AND METHODOLOGY: The Office of the Commissioner of Banks, together with the North Carolina Banking Commission, is responsible for the chartering and regulation of North Carolina’s state banks and trust companies, as well as the registration and licensing of various financial institutions operating in North Carolina, including check cashers, consumer finance companies, mortgage bankers and brokers, money transmitters, and refund anticipation lenders. OCOB charges a variety of statutorily authorized fees for the registration and licensing of various financial institutions.

Senate Bill 2043 increases the following fees by the amount shown in the far right column:

Fee Increases in Senate Bill 2043			
	Current fee	S 2043	Fee Increase
Licensure			
Mortgage broker or banker	\$1,000	\$1,500	\$500
Loan officer or limited loan officer	\$50	\$100	\$50
Filing fee for principal or branch offices of a mortgage broker or banker	\$100	\$150	\$50
Renewal			
Mortgage broker or banker	\$500	\$750	\$250
Branch office	\$100	\$150	\$50
Loan officers	\$50	\$100	\$50
Late renewal fee for loan officers	None	\$100	\$100

The chart below shows the projected increase in fee revenue anticipated by the Office of the Commissioner of Banks as a result of these changes. Since this bill contains an October 1, 2006, effective date, the fiscal impact of the fee increases will be less than the total amount shown in the column for Senate Bill 2043. OCOB estimates their total collections for FY 2006-07 will be \$3,115,000. Fiscal Research estimates that this amount constitutes an increase in total OCOB fee collections of \$1,268,331. Beginning in 2007-08, the annual impact of the fee increases is estimated at \$1,596,550 annually.

Increase in OCOB Fee Collections under Senate Bill 2043					
	Number	Total under current fee rates	Total S2043 (full year)	Total increase in fee collections	Percent change over current
Renewals					
Mortgage lenders/brokers	1,500	750,000	1,125,000	375,000	50.0%
Branches	1,500	150,000	225,000	75,000	50.0%
Loan officers	12,500	625,000	1,250,000	625,000	100.0%
Exclusive mortgage brokers	400	200,000	300,000	100,000	50.0%
New applications					
Mortgage lenders/brokers	213	213,000	319,500	106,500	50.0%
Branches	1,430	143,000	214,500	71,500	50.0%
Loan officers	4,871	243,550	487,100	243,550	100.0%
Total		\$2,324,550	\$3,921,100	\$1,596,550	68.7%

SOURCES OF DATA: Office of the Commissioner of Banks (OCOB)

TECHNICAL CONSIDERATIONS: None

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DATE: June 20, 2006



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