

Department of Legislative Services  
Maryland General Assembly  
2000 Session

FISCAL NOTE

House Bill 1203 (Delegate Minnick)

Commerce and Government Matters

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**Mortgage Lenders - Continuing Education Requirements**

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This bill provides that the continuing education requirement for a licensed mortgage lender applies to the first renewal of a license under the Maryland Mortgage Lender Law.

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**Fiscal Summary**

**State Effect:** General fund expenditures could increase by \$41,200 in FY 2001 and by \$49,300 in FY 2002 to begin monitoring the continuing education requirement two years earlier than would be required under current law. Revenues would not be affected.

**Local Effect:** None.

**Small Business Effect:** Meaningful.

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**Analysis**

**Current Law:** In order to renew a mortgage lender license, a licensee must file a renewal application form with the Commissioner of Financial Regulation, file a bond or a bond continuation certificate, pay a renewal fee of \$1,000, and supply evidence of compliance with any continuing education requirements set by regulations adopted by the commissioner. A license may be renewed for a two-year term. The commissioner must adopt regulations that set continuing education requirements as a condition to the renewal of mortgage lender licenses by July 1, 2001. The continuing education requirements do not apply to the first renewal of a license.

**State Expenditures:** Licensing of mortgage lenders began in fiscal 1999. Because compliance with the continuing education requirement is not required for the first renewal of

a license, the compliance requirement for the first group of licensees is scheduled to begin in fiscal 2003. The bill implements continuing education monitoring by the commissioner two years earlier than required under current law. The costs associated with this bill represent an acceleration of costs that would otherwise begin in fiscal 2003.

The commissioner has not yet adopted regulations for the mortgage lender continuing education requirement. Based on continuing education requirements for other professions, general fund expenditures could increase by an estimated \$41,200 in fiscal 2001, which accounts for the bill's October 1, 2000, effective date. This estimate reflects the cost of hiring one examiner specialist to monitor continuing education requirements. It includes salary, fringe benefits, one-time start-up costs, examiner training and travel, and ongoing operating expenses. Fiscal 2002 expenditures reflect: (1) full salary with a 4.5% annual increase and 3% employee turnover; and (2) 1% annual increases in ongoing operating expenses.

The commissioner estimates that it would require three people at a cost of \$142,800 to implement the continuing education requirements in fiscal 2001.

**Small Business Effect:** Compliance costs for small business mortgage lenders would increase to the extent that they are subject to continuing education requirements earlier. The commissioner estimates the cost per employee to be approximately \$600 annually.

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### **Additional Information**

**Prior Introductions:** None.

**Cross File:** None.

**Information Source(s):** Department of Labor, Licensing, and Regulation (Commissioner of Financial Regulation); Department of Legislative Services

**Fiscal Note History:** First Reader - March 5, 2000

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