

Department of Legislative Services
 Maryland General Assembly
 2001 Session

FISCAL NOTE

Senate Bill 570 (Senators Jacobs and Hooper)
 Finance

Consumer Credit - Mortgage Lenders

This bill provides that a person who makes six or fewer mortgage loans and brokers no more than one mortgage loan in a period of 12 consecutive months is exempt from the Maryland Mortgage Lender Law.

Fiscal Summary

State Effect: Based on a review of licensee records by the Commissioner of Financial Regulation, general fund revenues could decrease by \$522,000 in even numbered calendar years beginning in FY 2002, due to a decrease in biennial license fees. This figure assumes 17% of the licensed mortgage lenders would be exempt under this bill. Expenditures would not be affected.

| (in dollars) | FY 2002 | FY 2003 | FY 2004 | FY 2005 | FY 2006 |
|--------------|---------|-------------|---------|-------------|---------|
| GF Revenue | \$0 | (\$522,000) | \$0 | (\$522,000) | \$0 |
| Expenditure | \$0 | \$0 | \$0 | \$0 | \$0 |
| Net Effect | \$0 | (\$522,000) | \$0 | (\$522,000) | \$0 |

Note:() = decrease; GF = general funds; FF = federal funds; SF = special funds; - = indeterminate effect

Local Effect: None.

Small Business Effect: Meaningful.

Analysis

Current Law: A person who makes three or fewer mortgage loans and brokers no more than one mortgage loan per calendar year is exempt from the Maryland Mortgage Lender Law.

Background: To qualify for a mortgage lender license, an applicant must be of good moral character and have sufficient financial responsibility, business experience, and general fitness to be a mortgage lender. An applicant must also have at least three years of experience as a mortgage lender. Licensees must make all agreements with the borrower in writing; may not make false advertising claims; and are required to maintain a security bond, letter of credit, or trust account.

Small Business Effect: Small business mortgage lenders could become exempt from regulation and from license fees. According to the Commissioner of Financial Regulation, all mortgage lenders exempted under this bill are small businesses.

Additional Information

Prior Introductions: A similar bill, SB 667, was introduced in the 2000 session and received an unfavorable report from the Senate Finance Committee.

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 – February 19, 2001
ef/jr

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