

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4307-01  
Bill No.: HB 2092  
Subject: Professional Registration and Licensing  
Type: Original  
Date: January 21, 2020

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Bill Summary: This proposal modifies provisions relating to mortgage loan originators.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on General Revenue</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
Residential Mortgage Licensing Fund (0261)	Up to \$6,000	Up to \$6,000	Up to \$6,000
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>Up to \$6,000</b>	<b>Up to \$6,000</b>	<b>Up to \$6,000</b>

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 5 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

Estimated Net Effect (expenditures or reduced revenues) expected to exceed \$100,000 in any of the three fiscal years after implementation of the act.

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2021</b>	<b>FY 2022</b>	<b>FY 2023</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

#### *Sections 443.717 - 443.857 - Mortgage Broker Licensing*

Officials from the **Department of Commerce and Insurance (DCI)** estimate 8 to 10 new companies will request licenses along with a \$600 licensing fee. Additional revenues to the Residential Mortgage Fund are estimated to be up to \$6,000 (10 x \$600). The expected slight increase in applications is due to the minor language change in 443.857 related to the in-state office requirement. The proposed language would reduce a current barrier to entry for some companies already providing certain niche mortgage fulfillment services in other states. DCI expects there would be some new applications in the first year.

Additional staff and expenses are not being requested with this single proposal, but if multiple proposals pass during the legislative session which require policy form reviews the department may need to request additional staff to handle increase in workload.

**Oversight** notes that the DCI has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a revenue to the Residential Mortgage Fund of up to \$6,000 in FY 2021, FY 2022 and FY 2023 and no additional cost to the DCI on the fiscal note.

Officials from the **Department of Public Safety - Missouri Highway Patrol (MHP)** state that the Missouri Division of Finance has an Originating Agency Identifier (ORI) pursuant to Section 43.543, RSMo, for mortgage licensing, however, the Missouri Division of Finance primarily conducts background checks through an FBI Channeler (FieldPrint), and utilizes the Nationwide Mortgage Licensing System and Registry (NMLSR). As the background checks are being conducted via an FBI Channeler, there is no Patrol impact.

**Oversight** notes that the MHP has stated the proposal would not have a direct fiscal impact on their organization. Oversight does not have any information to the contrary. Therefore, Oversight will reflect a zero impact on the fiscal note for that agency.

<u>FISCAL IMPACT - State Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
<b>RESIDENTIAL MORTGAGE LICENSING FUND</b>			
Revenue - DCI \$600 filing fee	<u>Up to \$6,000</u>	<u>Up to \$6,000</u>	<u>Up to \$6,000</u>
<b>ESTIMATED NET EFFECT TO THE RESIDENTIAL MORTGAGE LICENSING FUND</b>	<b><u>Up to \$6,000</u></b>	<b><u>Up to \$6,000</u></b>	<b><u>Up to \$6,000</u></b>
<u>FISCAL IMPACT - Local Government</u>	FY 2021 (10 Mo.)	FY 2022	FY 2023
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Currently, mortgage loan originators have prelicensing education requirements of at least 20 hours. This bill states that a prelicensing education course completed by an applicant will not satisfy the education requirement if the course precedes an application by a certain time period, as determined by the Nationwide Mortgage Licensing System and Registry (NMLSR).

The bill requires certain persons, as outlined in the bill, related to a mortgage loan originator to furnish their fingerprints to the NMLSR for submission to the Federal Bureau of Investigation and any governmental agency for a state, national, and international criminal history background check. The bill allows the Director of the Division of Finance to use the NMLSR as an agent for transmitting information to and from the Federal Department of Justice or any other governmental agency.

Currently, the law requires that each residential mortgage loan broker maintain at least one full-service office in Missouri. The bill allows this requirement to be waived for persons exclusively engaged in the business of loan processing or underwriting.

FISCAL DESCRIPTION (continued)

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 Commerce and Insurance  
Department of Public Safety  
Missouri Highway Patrol



Julie Morff  
Director  
January 21, 2020



Ross Strobe  
Assistant Director  
January 21, 2020