

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING ADDITIONAL CONSUMER PROTECTIONS RELATING TO REAL ESTATE TRANSACTIONS, AND MAKING AN APPROPRIATION IN CONNECTION THEREWITH.

Prime Sponsors:     Senator Veiga  
                              Representative Massey

JBC Analyst:     Steve Allen  
Phone:            303-866-2061  
Date Prepared:   May 1, 2007

**Summary of Amendments Made to the Bill After the 04/19/07 Legislative Council Staff Revised Fiscal Note was Prepared (Amended by the Business Affairs and Labor Committee 04/30/07)**

The Business Affairs and Labor Committee amendment:

1. Changes the maximum fine for misconduct from \$1000 to \$1000 *per act or occurrence* in the first administrative proceeding and from \$2000 to \$2000 per act or occurrence in subsequent administrative proceedings. It also directs fine revenue to the Mortgage Broker Registration Cash Fund, as opposed to the General Fund.
2. Removes the requirement that rules promulgated by the director of the Division of Real Estate be reasonable while retaining the requirement that they be necessary to carry out the director's duties.
3. Adds foreclosure notice provisions that apply to the public trustee, including a provision requiring the public trustee to notify homeowners' associations when certain liens are to be foreclosed.

The first change will increase the revenue to the Mortgage Broker Registration Cash Fund by an amount that will probably not exceed \$5,000 and reduce revenue to the General Fund correspondingly. The other changes do not have a fiscal impact.

**Legislative Council Staff agrees with this assessment.**

**JBC Staff Concurrence with Legislative Council Staff Fiscal Note**

**Concurs**                       **Does Not Concur**                       **Updated Analysis**

**Reason for the Non-Concurrence / Update**

As described in the "Summary of Amendments" section, the Business Affairs and Labor Committee amendment increased cash fund revenues and decreased General Fund revenues.

**Amendments/Appropriation Status**

The reengrossed bill, as amended by the Business Affairs and Labor Committee, contains an appropriation clause that is consistent with the Legislative Council Staff Revised Fiscal Note dated April 19, 2007. The clause appropriates \$56,696 cash funds from the Mortgage Broker Registration Cash Fund to the Department of Regulatory Agencies in FY 2007-08, with \$16,034 of this appropriation and 0.3 FTE allocated the Division of Real Estate and \$40,662 allocated to the Executive Director's Office for the purchase of legal services. The amendment also appropriates \$40,662 cash funds exempt and 0.3 FTE to the Department of Law, out of the appropriation to the Executive Director's Office in the Department of Regulatory Agencies, so that the Department of Law can supply the required legal services in FY 2007-08.

**Sponsor Amendments**

Staff is not aware of any sponsor amendments to be offered.

**Points to Consider**

Four related bills are currently being considered by the General Assembly: H.B. 07-1322, S.B. 07-085, S.B. 07-216, and S.B. 07-203. As a broad generalization, H.B. 07-1322 deals with fraud, prohibited acts, and the relationship of mortgage brokers to their customers; S.B. 07-085 deals with the relationship between mortgage brokers and real estate appraisers; S.B. 07-203 changes the current mortgage broker registration system to a licensing system; and S.B. 07-216 deals with the marketing of nontraditional mortgage products to people for whom those products may be unsuitable.

There are economies of scale involved in implementing these bills, but the Fiscal Notes for the bills do not reflect the savings that would arise if more than one becomes law. For example, the appropriation to the Department of Regulatory Agencies contained in this bill will not be necessary if H.B. 07-1322, S.B. 07-206 or S.B. 07-216 become law in their current form. These economies will need to be addressed through a supplemental FY 2007-08 appropriation bill that would be introduced by the Joint Budget Committee during the 2008 legislative session.