

**JBC STAFF FISCAL ANALYSIS  
HOUSE APPROPRIATIONS COMMITTEE**

CONCERNING THE APPLICATION OF EXISTING REGULATIONS TO PERSONS PERFORMING SERVICES IN CONNECTION WITH REAL ESTATE TRANSACTIONS, AND, IN CONNECTION THEREWITH, PROVIDING FOR THE LICENSING OF PERSONS PROVIDING SETTLEMENT SERVICES WITH THE DIVISION OF REAL ESTATE, ESTABLISHING A FUND TO INCREASE CONSUMER PROTECTION WITH REGARD TO THE ACTIVITIES OF TITLE ENTITIES, REQUIRING PERIODIC EXAMINATIONS OF TITLE ENTITIES, AND MAKING AN APPROPRIATION.

Prime Sponsors:	Senator Veiga	JBC Analyst:	Steve Allen
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		Date Prepared:	May 1, 2007

**Summary of Amendments Made to the Bill After the 04/30/07 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 requires title insurance providers or closing/settlement service providers to hold third-party funds in separate, insured accounts. Interest earned on the accounts is to be paid to the third-party owner of the funds, or, if not paid to the third-party owner, to the Colorado Housing and Finance Authority. The Colorado Housing and Finance Authority is an enterprise. This amendment will increase revenues of the Authority by a modest amount that cannot be estimated.

**The amendment does not alter any of the appropriations indicated in the Legislative Council Staff Fiscal Note dated April 30, 2007.** Legislative Council staff agrees with this analysis.

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

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

**Amendments/Appropriation Status**

The reengrossed bill, as amended by the Business Affairs and Labor Committee, contains an appropriation that is inconsistent with the Legislative Council Staff Revised Fiscal Note dated April 30, 2007. Staff has prepared amendment **J.001** (attached), which makes the appropriation in the bill consistent with the fiscal note. As amended by J.001, the bill contains the following FY 2007-08 appropriations:

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Appropriation to (Source)	Amount	FTE
<b>(1) Department of Regulatory Agencies - Total</b>	<b><u>\$418,258</u></b>	<b><u>4.5</u></b>
Executive Director's Office for legal services (From the Division of Insurance Cash Fund)	10,504 CF	0.0
Division of Insurance (From the Division of Insurance Cash Fund)	245,106 CF	2.2
Division of Insurance (From the Closing/Settlement Services Provider Licensing Cash Fund)	162,648 CF	2.3
<b>(2) Department of Law - Total</b>	<b><u>112,991</u></b>	<b><u>1.0</u></b>
Legal Services to State Agencies (Out of the appropriation to the Executive Director's Office in (1) above)	10,504 CFE	0.0
Consumer Protection Section (Out of the appropriation to the Division of Insurance in (1) above)	102,487 CFE	1.0
<b>Total, All Departments</b>	<b><u>\$531,249</u></b>	<b><u>5.5</u></b>
Cash Funds	418,258 CF	11.1
Cash Funds Exempt	112,991 CFE	1.0

**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 S.B. 07-085 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.