

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2734 HB	<b>Title:</b> Mortgage brokers
-----------------------------	--------------------------------

## Estimated Cash Receipts

Agency Name	2003-05		2005-07		2007-09	
	GF- State	Total	GF- State	Total	GF- State	Total
<b>Total \$</b>						

Local Gov. Courts *						
Local Gov. Other **						
Local Gov. Total						

## Estimated Expenditures

Agency Name	2003-05			2005-07			2007-09		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Office of Administrator for the Courts	.0	0	0	.0	0	0	.0	0	0
Department of Financial Institutions	.0	0	0	.0	0	0	.0	0	0
Department of Corrections	.0	0	0	.0	0	0	.0	0	0
Sentencing Guidelines Commission	.0	0	0	.0	0	0	.0	0	0
<b>Total</b>	0.0	\$0	\$0	0.0	\$0	\$0	0.0	\$0	\$0

Local Gov. Courts *									
Local Gov. Other **	Non-zero but indeterminate cost. Please see discussion.								
Local Gov. Total									

--

<b>Prepared by:</b> Doug Jenkins, OFM	<b>Phone:</b> 360-902-0563	<b>Date Published:</b> Final 1/31/2004
---------------------------------------	-------------------------------	---

\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

# Judicial Impact Fiscal Note

<b>Bill Number:</b> 2734 HB	<b>Title:</b> Mortgage brokers	<b>Agency:</b> 055-Office of Administrator for Courts
-----------------------------	--------------------------------	--

## Part I: Estimates

**No Fiscal Impact**

*The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.

Legislative Contact:	Phone:	Date: 01/20/2004
Agency Preparation: Julia Appel	Phone: (360) 705-5229	Date: 01/20/2004
Agency Approval: Janet McLane	Phone: (360) 705-5305	Date: 01/21/2004
OFM Review: Garry Austin	Phone: 360-902-0564	Date: 01/21/2004

**Part II: Narrative Explanation**

**II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts**

Section 7 (2) adds language to RCW 19.146.235 to indicate that any person subject to investigation under the chapter who knowingly withholds, abstracts, removes...records or information is guilty of a class B felony. No charges have been filed under this RCW in the past. It is assumed there will be no future impact to the courts.

**II. B - Cash Receipts Impact**

**II. C - Expenditures**

**Part III: Expenditure Detail**

**Part IV: Capital Budget Impact**

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2734 HB	<b>Title:</b> Mortgage brokers	<b>Agency:</b> 102-Dept of Financial Institutions
-----------------------------	--------------------------------	---

## Part I: Estimates

**No Fiscal Impact**

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/20/2004
Agency Preparation: Nick Klucarich	Phone: (360) 902-8780	Date: 01/21/2004
Agency Approval: Gloria Papiez	Phone: (360) 902-8820	Date: 01/23/2004
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 01/26/2004

## **Part II: Narrative Explanation**

### **II. A - Brief Description Of What The Measure Does That Has Fiscal Impact**

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

The Division expects no fiscal impact with the amendment to chapter 19.146 RCW. Licensees currently submit the same documentation and assessments annually as they will under the amendment. The purpose of changing licenses to an annual expiration is to avoid administratively revoking licenses for companies that have gone out of business or failed to pay their annual assessment.

### **II. B - Cash receipts Impact**

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

### **II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

## **Part III: Expenditure Detail**

## **Part IV: Capital Budget Impact**

## **Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2734 HB	<b>Title:</b> Mortgage brokers	<b>Agency:</b> 310-Department of Corrections
-----------------------------	--------------------------------	--

## Part I: Estimates

**No Fiscal Impact**

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/20/2004
Agency Preparation: Trent Howard	Phone: 360-753-1559	Date: 01/20/2004
Agency Approval: Lucy Castillo	Phone: 360-753-7371	Date: 01/23/2004
OFM Review: Randi Warick	Phone: 360-902-0570	Date: 01/26/2004

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 1 of RCW 19.146.020 is amended to include any federally insured person doing business under the laws of any other state as exempt from the provisions of this chapter. This section is also amended to include RCW 19.146.0201 through RCW 19.146.080 for those persons exempt under this subsection (d) or (f) to comply with.

Section 2 of RCW 19.146.0201 is amended to remove the connection with residential mortgage loan as being a violation of this chapter.

Section 3 of RCW 19.146.030 is amended to exclude prepaid escrow costs of ownership from the total closing cost associated with fees disclosed on the written disclosure pursuant to this section.

Section 4 of RCW 19.146.200 is amended to add that every licensed mortgage broker shall have a designated broker responsible for all activities of the licensee in conducting the business of a mortgage broker under this chapter at all times.

Section 5 of RCW 19.146.210 is amended to include the applicant's principals and designated mortgage broker as a determining factor for issuance and delivery of a mortgage broker license for requirement of demonstrating financial responsibility, character, and general fitness. This section is also amended to establish an expiration date of one year from the date of issuance and directing the director to establish rules regarding the license renewal process created under this chapter. This section further adds administrative actions to the liabilities that would be the responsibility of a surrendered license.

Section 6 of RCW 19.146.220 is amended to authorize the director to enforce all laws and rules relating to the licensing of mortgage brokers. This section is also amended to allow the director to impose fines or order restitution against licensees, or deny, suspend decline to renew, or revoke licenses.

Section 7 of RCW 19.146.235 is amended to allow the director to investigate apparent violations of this chapter. This section is amended to define "apparent violation" as obvious, evident, open to view, visible to the eye, within site or view, plain, or known. This section is amended to allow the director to interview the licensee or other employees or independent contractors. This section is amended to allow the director to subpoena a person initially instead of waiting for the outcome of a directive or order. This section is amended to find a person guilty of a class B felony or punishable by fine not more than twenty thousand dollars for withholding, abstracting, removing, mutilating, destroying, or secreting any books records, computer records or other information. This section is amended to remove requirement for compliance examination.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

The Sentencing Guidelines Commission (SGC) has no information about the expected incidence or the sentences that might actually be imposed. The offense is a Class B felony, not ranked on the adult felony sentencing grid; it is

punishable by a term of confinement of 0 to 12 months in jail. Therefore, any impact will be on jail beds, unless an exceptional sentence is ordered which results in a prison sentence.

### **Part III: Expenditure Detail**

### **Part IV: Capital Budget Impact**

### **Part V: New Rule Making Required**

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*



# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2734 HB	<b>Title:</b> Mortgage brokers	<b>Agency:</b> 325-Sentencing Guidelines Commission
-----------------------------	--------------------------------	---

## Part I: Estimates

**No Fiscal Impact**

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

- If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- Capital budget impact, complete Part IV.
- Requires new rule making, complete Part V.

Legislative Contact:	Phone:	Date: 01/20/2004
Agency Preparation: Terry Travis	Phone: 360-956-2143	Date: 01/22/2004
Agency Approval: Ida Leggett	Phone: (360) 956-2130	Date: 01/22/2004
OFM Review: Randi Warick	Phone: 360-902-0570	Date: 01/26/2004

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe, by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

None

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

None

## Part III: Expenditure Detail

## Part IV: Capital Budget Impact

None

## Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

None

**HB 2734**  
**MORTGAGE BROKERS PRACTICES ACT**  
**325 – Sentencing Guidelines Commission**  
**January 21, 2004**

**SUMMARY**

**A brief description of what the measure does that has fiscal impact.**

Section 7 establishes a Class B felony for punishment of persons under investigation for violations of the act who knowingly withhold, remove, or destroy books and records and authorizes a fine of not more than \$20,000 or both.

**EXPENDITURES**

**Assumptions.**

None

**Impact on the Sentencing Guidelines Commission.**

This bill would require modification of the Commission's database and data entry programs. These recurring costs are included in the agency's budget.

**Impact on prison and jail beds.**

The offense created by this bill is not currently a felony under Washington law. As such, the Sentencing Guidelines Commission has no information about its expected incidences or the sentences that could be actually imposed. The impact of this bill on prisons and jails the can not be determined.

# LOCAL GOVERNMENT FISCAL NOTE

Department of Community, Trade and Economic Development

<b>Bill Number:</b> 2734 HB	<b>Title:</b> Mortgage brokers
-----------------------------	--------------------------------

**Part I: Jurisdiction**-Location, type or status of political subdivision defines range of fiscal impacts.

**Legislation Impacts:**

- Cities:
- Counties:
- Special Districts:
- Specific jurisdictions only:
- Variance occurs due to:

**Part II: Estimates**

- No fiscal impacts.
- Expenditures represent one-time costs:
- Legislation provides local option:
- Key variables cannot be estimated with certainty at this time: Number of cases to be prosecuted; jail sentences ordered and served

**Estimated revenue impacts to:**

Jurisdiction	FY 2004	FY 2005	2003-05	2005-07	2007-09
City					
County					
Special District					
<b>TOTAL \$</b>					
<b>GRAND TOTAL \$</b>					

**Estimated expenditure impacts to:**

**Indeterminate Impact**

**Part III: Preparation and Approval**

Fiscal Note Analyst: Amy Tsai	Phone: 360-725-5037	Date: 01/20/2004
Leg. Committee Contact:	Phone:	Date: 01/20/2004
Agency Approval: Louise Deng Davis	Phone: (360) 725-5034	Date: 01/29/2004
OFM Review: Doug Jenkins	Phone: 360-902-0563	Date: 01/31/2004

## **Part IV: Analysis**

### **A. SUMMARY OF BILL**

*Provide a clear, succinct description of the bill with an emphasis on how it impacts local government.*

This bill proposes changes to the Mortgage Broker Practices Act.

It states that persons otherwise exempt under RCW 19.146.020(1)(d) (residential mortgage loans) or 19.146.020(1)(f) (mortgage brokers approved and subject to auditing by the Federal National Mortgage Association or Federal Home Loan Mortgage Corporation) must comply with RCW 19.146.0201 through 19.146.080 (Sec. 1).

For purposes of investigating complaints or apparent violations of the Mortgage Broker Practices Act, the Director of Financial Institutions may examine and investigate the business of every licensee and of every person engaged in the business of mortgage brokering (Sec. 7(1)). It gives the Director the power to issue subpoenas (Sec. 7(1)).

It creates a class B felony for any person subject to examination or investigation who knowingly withholds, abstracts, removes, mutilates, destroys, or secretes any books, records, computer records, or other information (Sec. 7(2)). The crime is punishable by imprisonment of not more than 10 years, a fine of not more than \$20,000, or both (Sec. 7(2)).

### **B. SUMMARY OF EXPENDITURE IMPACTS**

*Briefly describe and quantify the expenditure impacts of the legislation on local governments, identifying the expenditure provisions by section number, and when appropriate, the detail of expenditures. Delineate between city, county and special district impacts.*

This bill would create a new crime. The cost is indeterminate because it is unknown how many cases may arise and how many jail sentences would be imposed and served.

#### **UNIT CASE COSTS:**

Case costs for a class B felony are generally as follows :

Prosecution (cost of felony property crimes) =  
\$813 if not appealed  
\$2,565 if appealed  
(LGFN Survey of Law Enforcement and Prosecutors  
2003 Association of Washington Cities Salary Survey, adjusted for benefits)

Public defense (cost for class B felony) = \$1215  
Few cases, if any, are expected to require public defense.  
(Washington Defender Association)

#### **UNIT JAIL COSTS:**

Daily jail bed rate = \$61 per offender per day  
(2003 Survey of Jails by Yakima County Corrections; Local Government Fiscal Note Program (LGFN) Jail Bed Model; Washington Association of Sheriffs and Police Chiefs jail capacity data)

#### **SOURCES:**

2003 Association of Washington Cities Salary Survey  
2003 Survey of Jails by Yakima County Corrections  
LGFN Jail Bed Model  
LGFN Survey of Law Enforcement and Prosecutors  
Washington Association of Sheriffs and Police Chiefs jail capacity data  
Washington Defender Association

### **C. SUMMARY OF REVENUE IMPACTS**

*Briefly describe and quantify the revenue impacts of the legislation on local governments, identifying the revenue provisions by section number, and when appropriate, the detail of revenue sources. Delineate between city, county and special district impacts.*

None.