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FISCAL IMPACT REPORT

ORIGINAL DATE 02/25/13

SPONSOR Caballero LAST UPDATED _____ HB 502

SHORT TITLE Abq Home Mortgage Foreclosure Counseling SB _____

ANALYST Boerner

APPROPRIATION (dollars in thousands)

Appropriation		Recurring or Nonrecurring	Fund Affected
FY13	FY14		
	\$200.0	Recurring	General Fund

(Parenthesis () Indicate Expenditure Decreases)

Relates to SB 1, Mortgage Fair Foreclosure Act which requires the creditor to give written notice prior to foreclosure

Relates to HB 88, Foreclosure Fairness Act which allows recovery of attorney fees for the prevailing defendant in a foreclosure action

SOURCES OF INFORMATION

LFC Files

Responses Received From

Regulation and Licensing Department (RLD) - Financial Institutions Division
Department of Finance and Administration (DFA)

SUMMARY

Synopsis of Bill

House Bill 502 appropriates \$200 thousand from the general fund to the Local Government Division (LGD) of the Department of Finance and Administration (DFA) to support a program offering home mortgage foreclosure counseling in certain neighborhoods with high foreclosure rates.

FISCAL IMPLICATIONS

The appropriation of \$200 thousand contained in this bill is a recurring expense to the general fund. Any unexpended or unencumbered balance remaining at the end of fiscal year 2014 shall revert to the general fund.

SIGNIFICANT ISSUES

The DFA points out that there are currently numerous U.S. Department of Housing and Urban Development (HUD) approved foreclosure counseling agencies located in New Mexico that offer these services. Greater Albuquerque Housing Partnership (GAHP), Independent Living Resource Center (ILRC), New Mexico Mortgage Finance Authority (MFA), and United South Broadway Corporation (USBC) all offer these services within Albuquerque. Of these agencies, the MFA has various programs readily available. The MFA administers the National Foreclosure Mitigation Counseling (NFMC) program through NeighborWorks America and also receives direct HUD housing counseling funds. Each of these programs offers foreclosure counseling.

The MFA also has a memorandum of understanding (MOU) with the New Mexico Attorney General's Office (AGO) to assist in administering New Mexico's share of a national mortgage settlement with the nation's five largest banks. The AGO has joined the multistate settlement which is intended to end problematic mortgage servicing practices and help distressed homeowners. New Mexico's estimated share of the settlement is approximately \$11 million. With the settlement share, the AGO provides numerous services, foreclosure counseling being one of them.

ADMINISTRATIVE IMPLICATIONS

The DFA/LGD would procure services and enter into an agreement with one or several of the agencies within Albuquerque or with a local entity, such as the city or county, that would provide these services.

ALTERNATIVES

The HUD, along with other national programs, currently offers federal assistance that can provide funding for these activities that will not impact the general fund.

CEB/svb