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## FISCAL IMPACT REPORT

SPONSOR:	Boitano	DATE TYPED:	2/1/02	НВ	
SHORT TITLE	E: Available Funds Rec	juired at Closing		SB	364
			ANALY	YST:	J. Sandoval

### **APPROPRIATION**

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY02	FY03	FY02	FY03		
	NFI				

(Parenthesis ( ) Indicate Expenditure Decreases)

#### SOURCES OF INFORMATION

### Responses Received From

Financial Institutions Division of Regulation and Licensing Department Attorney General

#### No Response

Department of Finance and Administration

#### **SUMMARY**

Senate Bill 364 enacts a statute that requires financial institutions to provide available funds to a third-party fiduciary at the time of closing a sale or purchase of real property. Available funds are funds subject to immediate withdrawal.

#### ADMINISTRATIVE IMPLICATIONS

The Financial Institutions Division of Regulation and Licensing contends there is a possibility of "increased complaints due to errors in the closing/funding process and... delays in closing/fundings..."

#### **OTHER SUBSTANTIVE ISSUES**

The Financial Institutions Division of Regulation and Licensing contends "lenders in New Mexico may experience difficulties with mortgage loan closing/fundings. Borrowers/lenders may have to employ legal counsel to ensure accuracy and consumer/lender protection.

# **POSSIBLE QUESTIONS**

- 1. What does passage of this bill mean for financial institutions?
- 2. What does passage of this bill mean for clients and potential clients of these financial institutions?
- 3. Is there currently abuse of the fact that there is no statutory limitation in New Mexico on how long a lender may take to deliver funds following a closing?
- 4. Is making funds available at the time of closing realistic?

## JFS/njw