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## FISCAL IMPACT REPORT

SPONSOR Sharer ORIGINAL DATE 3/02/17  
 LAST UPDATED \_\_\_\_\_ HB \_\_\_\_\_

SHORT TITLE Use of Nationwide Mortgage Lending System SB 296

ANALYST Fernandez

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY17	FY18	FY19	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
<b>Total</b>		See Fiscal Implications				

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Regulation and Licensing Department (RLD)

Office of Attorney General (OAG)

Administrative Office of the Courts (AOC)

### SUMMARY

#### Synopsis of Bill

Senate Bill 296 amends definitions in the Motor Vehicle Sales Finance Act (MVSFA) and the Collection Agency Regulatory Act (CARA) to expand the definition of the Director of the Financial Institutions Division (FID) of the Regulation and Licensing Department to include a duly authorized agent designated by the director and adds the definition of a “nationwide mortgage licensing system and registry” to both Acts.

This bill adds new sections to the licensing provisions of the MVSFA, including a section to allow the director to use the nationwide mortgage licensing system and registry.

This bill amends CARA pertaining to administration and enforcement of the Act to require applicants to apply on a form prescribed by the director, allows the director to establish relationships or contracts with the nationwide mortgage licensing system and registry, sets for requirements that an applicant for a license must furnish, and allows the director to use the nationwide mortgage licensing system and registry. This bill amends the section of CARA pertaining to licenses, to require payment of one-half of the original license fee for the applicable license required in Section 61-18A-30 NMSA 1978, for new and renewal applicants and sets forth specific timelines of applicability. This bill adds a section to allow the director to establish

requirements by rule for applicants to submit a background check for criminal history and civil or administrative records, credit history or other information deemed necessary by the director. This bill amends the section of CARA pertaining to license renewal dates and fees to change application dates from May 31 to November 30 and expiration dates from June 30 to January 1.

## **FISCAL IMPLICATIONS**

According to information provided in agency analysis, Regulation and Licensing Department, Office of Attorney General or the Administrative Office of the Courts believe this bill has a fiscal or an administrative impact.

## **SIGNIFICANT ISSUES**

A “nationwide mortgage licensing system and registry” is a licensing system developed and maintained by the conference of state bank supervisors and the American Association of Residential Mortgage Regulators pursuant to the federal Secure and Fair Enforcement for Mortgage Licensing Act of 2008 to manage mortgage licenses and other financial services licenses, or a successor registry.

RLD provides the following information:

The Nationwide Mortgage Licensing System and Registry (NMLS) is a web-based system that allows state-licensed non-depository companies, branches, and individuals in the mortgage, consumer lending, money services businesses, and debt collection industries to apply for, amend, update, or renew a license online for all participating state agencies using a single set of uniform applications. The NMLS was originally developed in 2008 by the Conference of State Bank Examiners and the American Association of Residential Mortgage Regulators for the purpose of licensing companies and employees in the mortgage industry. Since that time the capabilities of the NMLS have been expanded to provide an efficient and reliable licensing platform for a variety of regulated financial industries. At present, New Mexico statutes authorize the Director of the FID to utilize the NMLS for licensing mortgage companies, mortgage loan originators and money services providers including money transmitters, currency exchangers and check cashers. Utilization of the NMLS licensing system brings greater uniformity and transparency to the licensing of these financial services industries while maintaining and strengthening the ability of state regulators to monitor these industries and protect their citizens.

Expanding the FID’s utilization of the NMLS online database and licensing system to allow for licensing of Motor Vehicle Sales Finance companies and Collection Agencies in New Mexico will simplify and speed up the licensing application process for applicants, result in personnel time savings for the Financial Institutions Division and simplify the processes for both the submission of documentation by the applicants and the collection of application and license fees from applicants.

In order to meet use requirements of the NMLS, the license renewal and expiration dates of the CARA (which previously had been tied to the State fiscal year of July 1<sup>st</sup> thru June 30<sup>th</sup>) will be amended under SB 296 to run on a calendar year basis. Under SB 296, license renewal periods for CARA licenses will move from May 31<sup>st</sup> of each year to November 1<sup>st</sup> of each year and license expiration dates will move from June 30<sup>th</sup> of each year to January

1<sup>st</sup> of each year. In order to facilitate this transition in licensing deadlines, SB 296 also includes a mechanism to allow the Director of the FID to issue a six (6) month license to licensees at a fee set at one-half of the standard original fee or renewal fee (as applicable) per license to cover the time period between July 1, 2018, and December 30, 2018.

**POSSIBLE QUESTIONS**

As indicated above by RLD, in order to facilitate the transition in licensing deadlines, the Director of FID is allowed to issue a 6 month license at a fee of one-half of the standard fee or renewal fee. What amount of revenue would RLD estimate the department might collect?

CF/sb