

LEGISLATIVE FISCAL ESTIMATE
[First Reprint]
ASSEMBLY, No. 4997
STATE OF NEW JERSEY
218th LEGISLATURE

DATED: MARCH 29, 2019

SUMMARY

Synopsis: “Mortgage Servicers Licensing Act.”

Type of Impact: Annual State Expenditure and Revenue Increases.

Agencies Affected: Department of Banking and Insurance; Office of the Attorney General.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	Indeterminate
State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill will result in an indeterminate annual State revenue increase to the General Fund due to the collection of any required fees and charges, a license fee of \$1,000 per applicant, and any penalties resulting from violations of the provisions of the bill. The OLS notes that the bill may result in an indeterminate revenue increase in the Office of the Attorney General due to the collection of fees for purposes of criminal record background checks.
- The OLS notes that the bill may also result in an indeterminate increase in revenue due to the potential assessment of mortgage servicers who obtain a license under the bill pursuant to the special needs assessment of the Division of Banking in the Department of Banking and Insurance (DOBI).
- The OLS further notes that there may be an indeterminate annual increase in State administrative expenditures tied to DOBI’s implementation of the bill, which authorizes the Commissioner of Banking and Insurance to conduct investigations and examinations to verify compliance.

BILL DESCRIPTION

This bill, entitled the “Mortgage Servicers Licensing Act,” requires any person acting as a mortgage servicer to obtain a license from the Commissioner of Banking and Insurance for each

main office and each branch office where business is conducted, unless the person is exempt under certain exemptions provided for by the bill. The bill defines a “mortgage servicer” as any person, wherever located, who performs certain functions for the holder of a residential mortgage loan secured by real property located in this State.

The bill provides that the commissioner shall issue a mortgage servicer license to an applicant if the commissioner makes certain findings, including that the applicant has met certain financial and character and fitness requirements.

Both mortgage servicers and persons exempt from licensure are required to maintain adequate records of each residential mortgage loan transaction and are required to produce the records upon request of the commissioner. Upon assigning the servicing rights on a residential mortgage loan, the servicer must make certain disclosures to the mortgagor as set forth in the bill. A mortgage servicer must maintain a schedule of fees charged to mortgagors. The bill also prohibits certain unfair and deceptive trade practices.

The bill provides the commissioner the authority to conduct investigations and examinations of mortgage servicers. The commissioner can suspend, revoke, or refuse to renew a mortgage servicer license for certain reasons as set forth in the bill.

The commissioner may also order that any person who has been found to have knowingly violated any provision of bill and has caused financial harm to consumers, shall be barred from acting as a residential mortgage servicer, residential mortgage lender, residential mortgage broker, or mortgage loan originator, or a stock holder, an officer, director, partner or other owner, or an employee of a licensee, or acting in any other capacity pursuant to the bill.

The bill also allows the commissioner to impose certain civil and criminal penalties for violations of the bill, and specifies that these remedies are in addition to any accorded by common law and statutory law, including those provided to the Attorney General pursuant to the consumer fraud act.

The bill further adds mortgage servicers licensed pursuant to the “Mortgage Servicers Licensing Act” to those entities that are governed by the “special purpose apportionment statute,” P.L.2005, c.199 (C.17:1C-33 et seq.), which allows the commissioner to assess various regulated entities in order to fund the Division of Banking for its regulatory operations.

Finally, the bill provides the commissioner the authority to adopt rules and regulations, pursuant to the “Administrative Procedure Act,” P.L.1968, c.410 (C.52:14B-1 et seq.), including any fines or penalties, necessary to effectuate the provisions of the bill.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

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Section: Commerce, Labor and Industry

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This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).