

Secretary of State
STATEMENT OF NEED AND FISCAL IMPACT
A Notice of Proposed Rulemaking accompanies this form.

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Department of Consumer and Business Services, Finance and Securities Regulation
Agency and Division

441

Administrative Rules Chapter Number

Allows mortgage professionals to submit required surety bond information through the national licensing database.

Rule Caption (Not more than 15 words that reasonably identifies the subject matter of the agency's intended action.)

In the Matter of:

Amending 441-730-0026, 441-860-0020, 441-860-0025, 441-860-0050 & 441-885-0010

Statutory Authority:

ORS 86A.106, 86A.109, 86A.136, 86A.212, 86A.227 & 86A.242

Other Authority:

Statutes Implemented:

ORS 86A.106, 86A.109, 86A.121, 86A.212 & 86A.227

Need for the Rule(s):

The Department of Consumer and Business Services has been working toward full utilization of the Nationwide Mortgage Licensing System and Registry's (NMLS) features. The NMLS released the first phase allowing for the electronic submission of surety bonds in January 2016. The feature will be fully available, and licensees will be able to electronically submit surety bonds to the Director of the Department through NMLS by the end of 2016. Requiring electronic submission of the surety bond will make it easier for consumers to access the bond information and will streamline the mortgage licensing process for both the department and regulated entities. Currently, the surety bond is the only piece of paper that is still required for the licensing process. This proposed rulemaking makes changes to the mortgage licensing rules in order to ensure that Oregon business licensees may continue to efficiently do business through the NMLS system. The proposed rules also remove the grace period after a bond is cancelled that was meant to provide time for new bonds to be sent through the U.S. mail. This protects consumers by reducing the period during which a mortgage loan originator may originate loans without the protection of a bond. Because NMLS can be used to quickly notify, and continually remind, licensees of their bond status licensees will receive more effective notice regarding their bonds.

Documents Relied Upon, and where they are available:

Draft rules are available from the division's rules coordinator, located at 350 Winter St. NE, Rm. 410, Salem, OR 97301 and are available on the division's Web site at <http://dfcs.oregon.gov/rulestat.html>.

Information about the NMLS may be accessed at <http://mortgage.nationwidelicensingsystem.org>.

Fiscal and Economic Impact:

Because this rulemaking only proposes changing the method of submitting the currently required surety bond the department does not anticipate a fiscal impact. However, it is possible regulated entities will see a slight positive fiscal impact due to the electronic nature of the bond submissions and quicker notice of bond status through the NMLS.

Statement of Cost of Compliance:

1. Impact on state agencies, units of local government and the public (ORS 183.335(2)(b)(E)):

The proposed rules streamline processes already in existence so there should be no negative impact to any state agency, unit of local government or the public. The Department is likely to see a small positive impact as it reduces the amount of paper processed through the licensing and renewal process. Licensees may see a similar decrease in costs due to the efficiency.

2. Cost of compliance effect on small business (ORS 183.336):

a. Estimate the number of small business and types of businesses and industries with small businesses subject to the rule:

It is unknown at this time how many of the businesses affected by the proposed rules are categorized as small businesses. Department records indicate that 661 of the 699 licensed companies employ fewer than 50 mortgage loan originators; however, this does not take into account the fact that the affected companies will have employees other than loan originators and may have multiple offices, including some located out of state.

b. Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services:

Projected reporting, recordkeeping and other administrative activities required for compliance, including costs of professional services: The proposed rules are a step toward a comprehensive streamlined multi-state processes which is likely to result in a slight positive impact for Oregon businesses.

c. Equipment, supplies, labor and increased administration required for compliance:

There should be no extra equipment, supplies, administration or labor required for compliance because substantive requirements are not changing. It may be moving toward an electronic surety bond will decrease the equipment, supplies and, labor required to comply with the existing requirements.

How were small businesses involved in the development of this rule?

Small businesses were represented on the Rulemaking Advisory Committee.

Administrative Rule Advisory Committee consulted?:Yes

If not, why?:

10-31-2016 5:00 p.m.	Shelley Greiner	shelley.a.greiner@oregon.gov
Last Day (m/d/yyyy) and Time for public comment	Printed Name	Email Address