

## REGULATORY IMPACT ANALYSIS AND TIERING STATEMENT

Regulation No. 808 KAR 1:170

Contact Person: Gary Stephens  
Title: Asst. General Counsel  
Address: 500 Mero Street, 2 SW 19  
Frankfort KY 40601  
Phone: 502-782-9046  
Fax: 502-573-8787  
Email: Gary.Stephens@ky.gov

(1) Provide a brief summary of:

(a) What this administrative regulation does:

This administrative regulation establishes licensing and registration requirements for consumer loan companies, check cashing and deferred deposit service businesses, mortgage loan companies, mortgage loan brokers, mortgage loan branches, and mortgage loan originators, and procedures for using the Nationwide Multistate Licensing System, (NMLS).

(b) The necessity of this administrative regulation:

This regulation authorizes the commissioner to promulgate administrative regulations for proper conduct and to prescribe the form and requirements for the application for a licensure and registration of the check cashing and deferred deposit service businesses, mortgage loan companies, mortgage loan brokers, mortgage loan branches, and mortgage loan originators in the State of Kentucky.

(c) How this administrative regulation conforms to the content of the authorizing statutes:

The authorizing statutes require participant's in the above referenced financial industries to apply for licensure with the commissioner. This regulation prescribes the procedures and forms to be filed, along with required supporting documentation, for registration and renewal off applicable licenses.

(d) How this administrative regulation currently assists or will assist in the effective administration of the statutes:

By proscribing specific forms, documents and procedures, along with coordinating with a nationwide database, participants in the applicable industries will

(2) If this is an amendment to an existing administrative regulation, provide a brief summary of:

(a) How the amendment will change this existing administrative regulation:

The amendment will qualify the specific documentation required to be submitted by a licensee for renewal or reinstatement of a mortgage license.

(b) The necessity of the amendment to this administrative regulation: The applicable mortgage statute was amended, therefore, the regulation will clarify the document requirements that correlate to the amended language in the mortgage statute related to renewal and reinstatements of mortgage licenses.

(c) How the amendment conforms to the content of the authorizing statutes:

The amendment specifies the exact documents required to be submitted to the Department and the relative times frames for the required financial information to make a determination on the renewal or reinstatement fees.

(d) How the amendment will assist in the effective administration of the statutes:

The regulation language clearly indicates the specific documents required for submission and allows for the Department to access documents relevant for renewal or reinstatement review in an orderly and efficient manner.

(3) List the type and number of individuals, businesses, organizations, or state and local governments affected by this administrative regulation:

The mortgage industry participants required to be licensed by the mortgage statute and the Department of Financial Institutions.

(4) Provide an analysis of how the entities identified in question (3) will be impacted by either the implementation of this administrative regulation, if new, or by the change, if it is an amendment, including:

(a) List the actions that each of the regulated entities identified in question (3) will have to take to comply with this administrative regulation or amendment:

The mortgage licenses will be required to provide relevant documents to the Department, through the NMLS system, specific to the time frame indicated in the amended language, for review and renewal or reinstatement of licensure

(b) In complying with this administrative regulation or amendment, how much will it cost each of the entities identified in question (3):

The required documents and access to the NMLS system are current requirements of the mortgage licensees. Costs to comply with submission requirements will be minimal.

(c) As a result of compliance, what benefits will accrue to the entities identified in question (3):

The Department will benefit from having access to timely and relevant mortgage company financial information in a centralized database system, NMLS, that allows of efficient use of Department resources for renewal of licenses.

(5) Provide an estimate of how much it will cost the administrative body to implement this administrative regulation:

(a) Initially:

The costs to the Department will be minimal.

(b) On a continuing basis:

These costs will be determined, based on document review, complexity of document submissions and Department resources.

The ongoing costs are anticipated to be minimal.

(6) What is the source of the funding to be used for the implementation and enforcement of this administrative regulation:

Current Department budget allocations for the Non Depository Division of the Department.

(7) Provide an assessment of whether an increase in fees or funding will be necessary to implement this administrative regulation, if new, or by the change if it is an amendment:

An assessment cannot be determined at this time.

(8) State whether or not this administrative regulation establishes any fees or directly or indirectly increases any fees:

This administrative regulation does not directly increase fees. The amended language is in support of a statutory change in fee calculation for mortgage license renewals and reinstatement.

(9) TIERING: Is tiering applied? (Explain why or why not)

Tiering was not applied in this regulation. The amended language did not require tiering be applied.

## FISCAL NOTE

Regulation No. 808 KAR 1:170

Contact Person: Gary Stephens  
Title: Asst. General Counsel  
Address: 500 Mero Street, 2 SW 19  
Frankfort, KY 40601  
Phone: 502-782-9052  
Fax: 502-573-8787  
Email: Gary.Stephens@ky.gov

(1) What units, parts, or divisions of state or local government (including cities, counties, fire departments, or school districts) will be impacted by this administrative regulation?

The Department of Financial Institutions.

(2) Identify each state or federal statute or federal regulation that requires or authorizes the action taken by the administrative regulation.

KRS 286.4-420, 286.4-425, 286.4-430, 286.4-440, 286.4-450(1)(b), 286.4-480, 286.4-610(1), 286.8-032, 286.8-034, 286.8-100, 286.8-140(1), (4), 286.8-255, 286.8-285, 286.9-050, 286.9-060, 286.9-070, 286.9-090(1), 286.9-107.

(3) Estimate the effect of this administrative regulation on the expenditures and revenues of a state or local government agency (including cities, counties, fire departments, or school districts) for the first full year the administrative regulation is to be in effect.

The specific regulatory language does not address expenditures or revenues for the Department, nor does it require a significant allocation of resources. Therefore, the costs for the Department in the first year will be minimal.

(a) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for the first year?

The specific regulatory amendment language does not impose additional fees. Therefore, there will be no change in revenue for the Department.

(b) How much revenue will this administrative regulation generate for the state or local government (including cities, counties, fire departments, or school districts) for subsequent years?

The Department does not anticipate additional revenue in subsequent years.

(c) How much will it cost to administer this program for the first year?

The Department will utilize existing resources to implement this change, therefore the costs will be minimal.

(d) How much will it cost to administer this program for subsequent years?

The Department does not anticipate additional costs in subsequent years.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Revenues (+/-):

Expenditures (+/-):

Other Explanation:

There will be a minimal fiscal impact on the Department as a result of this regulatory change. This regulation clarifies the specific documents that are to be submitted to the Department, the relevant time frame for the documents and the manner of submission in order to be compliant with renewal or reinstatement requirements.

(4) Estimate the effect of this administrative regulation on the expenditures and cost savings of regulated entities for the first full year the administrative regulation is to be in effect.

Regulated entities will be able to submit required documents through a database that is currently utilized by the industry. Compliance with the procedures for document submission will provide efficiencies for the regulated entities and streamline the renewal or reinstatement process.

(a) How much cost savings will this administrative regulation generate for the regulated entities for the first year?

Cost savings for the industry cannot be adequately determined at this time.

(b) How much cost savings will this administrative regulation generate for the regulated entities for subsequent years?

Cost savings in subsequent years cannot be adequately determined at this time. The requirements for document submission through an established database is anticipated to provide a long term benefit to the industry.

(c) How much will it cost the regulated entities for the first year?

These costs cannot be determined at this time.

(d) How much will it cost the regulated entities for subsequent years?

Long term costs in subsequent years cannot be determined at this time.

Note: If specific dollar estimates cannot be determined, provide a brief narrative to explain the fiscal impact of the administrative regulation.

Cost Savings (+/-):

Expenditures (+/-):

Other Explanation:

The Department does not anticipate a significant cost to either the industry or the Department to implement these procedural changes. Utilization of the national database system, NMLS, is a regular practice of industry participants.

(5) Explain whether this administrative regulation will have a major economic impact, as defined below. *"Major economic impact" means an overall negative or adverse economic impact from an administrative regulation of five hundred thousand dollars (\$500,000) or more on state or local*

*government or regulated entities, in aggregate, as determined by the promulgating administrative bodies. [KRS 13A.010(13)]*

These regulatory changes will not have a major economic impact.