

BEFORE THE DEPARTMENT OF ADMINISTRATION
OF THE STATE OF MONTANA

In the matter of the amendment of ARM) NOTICE OF PROPOSED
2.59.1738 pertaining to renewal fees for) AMENDMENT
mortgage brokers, lenders, servicers,)
and originators) NO PUBLIC HEARING
) CONTEMPLATED

TO: All Concerned Persons

1. On September 14, 2015, the Department of Administration proposes to amend the above-stated rule.

2. The Department of Administration will make reasonable accommodations for persons with disabilities who wish to participate in this rulemaking process or need an alternative accessible format of this notice. If you require an accommodation, contact the Department of Administration no later than 5:00 p.m. on August 14, 2015, to advise us of the nature of the accommodation that you need. Please contact Wayne Johnston, Division of Banking and Financial Institutions, P.O. Box 200546, Helena, Montana 59620-0546; telephone (406) 841-2918; TDD (406) 841-2974; facsimile (406) 841-2930; or e-mail to banking@mt.gov.

3. The rule as proposed to be amended provides as follows, new matter underlined, deleted matter interlined:

2.59.1738 RENEWAL FEES (1) Licenses issued under Title 32, chapter 9, part 1, MCA, expire December 31. Licensees shall submit their renewal applications by December 1 of each year to ~~assure~~ ensure issuance of the license to qualified renewal applicants by January 1 of the following year. The renewal fees for the license period January 1 through December 31 are:

Mortgage Broker Entity	\$500.00
Mortgage Broker Branch	\$250.00
Mortgage Lender Entity	\$750.00
Mortgage Lender Branch	\$250.00
Mortgage Loan Originator	\$400.00
Mortgage Servicer	\$750.00
Mortgage Servicer Branch	\$250.00

~~(except as provided in 32-9-117(1)(b), MCA).~~

(2) The renewal fees listed in (1) are reduced by 50 percent for 2016. This section sunsets on March 17, 2016.

AUTH: 32-9-117, MCA
IMP: 32-9-117, 32-9-130, MCA

STATEMENT OF REASONABLE NECESSITY: The department is removing the last clause of (1) because 32-9-117(1)(b), MCA, only applies to initial applications for licensure, not renewals.

The department is proposing to reduce by 50 percent the renewal fees charged to mortgage licensees for 2016. The department's Division of Banking and Financial Institutions is self-funded through its licensing fees and endeavors to keep its licensing fees consistent with the expenditures of each licensing program. The mortgage program is currently generating more revenue than it is spending. The department believes this excess revenue is largely due to Montana's recent adoption of the Uniform State Test, which has resulted in an increased number of mortgage loan originators applying for a Montana license. A 50 percent reduction will approximate needed expenditures for the year.

The department does not intend to permanently decrease renewal fees for the mortgage program because it does not know whether this trend will continue, and has elected to reduce the renewal fees by 50 percent for 2016 only. The department will continue to monitor its revenue and expenses in the future and may, if necessary, revise the licensing and/or renewal fees up or down as necessary to keep mortgage program revenues in line with expenses.

Currently licensed in Montana, there are:

- 92 mortgage broker entities, 158 mortgage lender entities, and 136 mortgage servicer entities;
- 75 mortgage broker branches, 224 mortgage lender branches, and 120 mortgage servicer branches; and
- 1861 mortgage loan originators.

The department expects that not all the current licensees will renew their licenses for 2016. However, based on prior years' renewals, the department predicts that approximately 80 percent of its mortgage loan originators, 97 percent of mortgage companies, and 91 percent of mortgage company branch licensees will renew their licenses for 2016. This proposed change to the rule will reduce department revenues by approximately \$474,500.

4. Concerned persons may present their data, views, or arguments concerning the proposed action to Kelly O'Sullivan, Legal Counsel, Division of Banking and Financial Institutions, P.O. Box 200546, Helena, Montana 59620-0546; faxed to the office at (406) 841-2930; or e-mailed to banking@mt.gov; and must be received no later than 5:00 p.m., August 31, 2015.

5. If persons who are directly affected by the proposed action wish to express their data, views, or arguments orally or in writing at a public hearing, they must make written request for a hearing and submit this request along with any written comments to the person listed in 4 above no later than 5:00 p.m., August 31, 2015.

6. If the Division of Banking and Financial Institutions receives requests for a public hearing on the proposed action from either 10 percent or 25, whichever is less, of the persons directly affected by the proposed action; from the appropriate administrative rule review committee of the Legislature; from a governmental subdivision or agency; or from an association having not less than 25 members who

will be directly affected, a hearing will be held at a later date. Notice of the hearing will be published in the Montana Administrative Register. Ten percent of those directly affected has been determined to be 267 persons based on the 2,666 existing licensed mortgage entities, branches, and mortgage loan originators.

7. An electronic copy of this proposal notice is available through the department's web site at <http://doa.mt.gov/administrativerules>. The department strives to make the electronic copy of the notice conform to the official version of the notice, as printed in the Montana Administrative Register, but advises all concerned persons that if a discrepancy exists between the official printed text of the notice and the electronic version of the notice, only the official printed text will be considered. In addition, although the department works to keep its web site accessible at all times, concerned persons should be aware that the web site may be unavailable during some periods due to system maintenance or technical problems.

8. The Division of Banking and Financial Institutions maintains a list of interested persons who wish to receive notices of rulemaking actions proposed by this division. Persons who wish to have their name added to the mailing list shall make a written request that includes the name, mailing address, and e-mail address of the person to receive notices and specifies that the person wishes to receive notices regarding division rulemaking actions. Notices will be sent by e-mail unless a mailing preference is noted in the request. Such written requests may be mailed or delivered to Wayne Johnston, Division of Banking and Financial Institutions, 301 S. Park, Ste. 316, P.O. Box 200546, Helena, Montana 59620-0546; faxed to the office at (406) 841-2930; e-mailed to banking@mt.gov; or may be made by completing a request form at any rules hearing held by the department.

9. The bill sponsor contact requirements of 2-4-302, MCA, do not apply.

10. The department has determined that under 2-4-111, MCA, the proposed rule amendment will not significantly and directly affect small businesses.

By: /s/ Sheila Hogan
Sheila Hogan, Director
Department of Administration

By: /s/ Michael P. Manion
Michael P. Manion, Rule Reviewer
Department of Administration

Certified to the Secretary of State July 20, 2015.