

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 0431-01  
Bill No.: SB 123  
Subject: Housing; Business and Commerce; Attorney General, State; Consumer Protection  
Type: Original  
Date: January 16, 2003

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**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>General Revenue</b>	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)
<b>Total Estimated Net Effect on General Revenue Fund*</b>	(UNKNOWN)	(UNKNOWN)	(UNKNOWN)

\*Expected to be less than \$100,000

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2004</b>	<b>FY 2005</b>	<b>FY 2006</b>
<b>Total Estimated Net Effect on Other State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 4 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2004	FY 2005	FY 2006
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

### FISCAL ANALYSIS

#### ASSUMPTION

Officials from the **Department of Economic Development - Division of Finance** and **Division of Credit Unions, Department of Insurance, Office of State Courts Administrator, and Office of State Public Defender** state that this proposed legislation will have no fiscal impact on their agencies.

Officials from the **Office of Attorney General** have discussed this proposal with officials from the North Carolina Attorney General's office and, based on that office's experience with a similar measure, believe that the costs of this proposal can be absorbed with existing resources.

Officials from the **Office of Prosecution Services** indicate there will be no additional costs to prosecutors as a result of this proposal.

Officials from the **Department of Corrections (DOC)** did not respond to a request for fiscal note; however, in response to a similar proposal from last session, DOC assumed supervision through probation or incarceration would result in additional unknown costs to the department. Eight (8) persons would have to have been incarcerated per fiscal year to exceed \$100,000 annually. Due to the narrow scope of this new crime, it was assumed the impact would be less than \$100,000 per year for the DOC.

<u>FISCAL IMPACT - State Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
<b>GENERAL REVENUE FUND</b>			
<u>Cost - Department of Corrections</u>			
Probation and incarceration expense*	<u>(Unknown)</u>	<u>(Unknown)</u>	<u>(Unknown)</u>
<b>*Expected to be less than \$100,000</b>			
<u>FISCAL IMPACT - Local Government</u>	FY 2004 (10 Mo.)	FY 2005	FY 2006
	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

FISCAL IMPACT - Small Business

This proposal could fiscally impact those small businesses that deal with high-cost home loans.

DESCRIPTION

This proposal regulates high-cost home loans and establishes certain lender reporting requirements. The proposal prohibits specific practices with respect to high-cost home loans, including prepayment penalties, issuing high-cost loans stipulating negative amortization, loan flipping, making misleading statements about a residential home loan transaction, and compensating or intimidating appraisers to influence their judgment with regard to the value of the real estate.

The effective date of this proposal is January 1, 2004, with the exception of Sections 408.756 and 408.758 (reporting requirements) that have an effective date of January 1, 2005

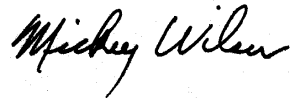
This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Economic Development  
Division of Finance  
Division of Credit Unions  
Department of Insurance  
Office of Attorney General  
Office of State Courts Administrator  
Office of Prosecution Services  
Office of State Public Defender

**NOT RESPONDING**

**Department of Corrections**

A handwritten signature in black ink that reads "Mickey Wilson". The signature is written in a cursive, flowing style.

Mickey Wilson, CPA  
Director  
January 16, 2003