

## **Brief Explanation of the Need for a Mortgage Assessment Bill**

The N.C. Office of the Commissioner of Banks is a fee supported agency. It does not get a legislative appropriation. Since the Mortgage Lending Act was passed in 2002, licensing fees have not funded the cost of regulation. Bank assessments have subsidized mortgage regulation. Consolidation within the banking industry and the acquisition of a large state-chartered bank have reduced bank assessments to the extent that they will no longer be sufficient to do so. Currently, the cost of mortgage supervision exceeds by approximately \$1.5 million the cost of licensing and examination of those companies.

We recommend a change in the funding mechanism for mortgage regulation by replacing all license and examination fees for mortgage companies with a sustainable assessment. The assessment will include a minimum level of \$2,000 plus an additional amount based on loan and servicing volume. This will result in a reduction in cost for approximately 85% of the mortgage companies, but it will be an increase for 15%. We have reached out to the 8 largest mortgage companies and the Mortgage Bankers Association, and there is widespread understanding of the need for this change.

Office of the Commissioner of Banks