

HOUSE OF REPRESENTATIVES TRUST FUND RE-CREATION STAFF ANALYSIS

BILL #: PCB GOAS 13-02 Mortgage Guaranty Trust Fund/DFS/OFR
SPONSOR(S): Government Operations Appropriations Subcommittee; Ingram
TIED BILLS: **IDEN./SIM. BILLS:** SB 218

REFERENCE	ACTION	ANALYST	STAFF DIRECTOR or BUDGET/POLICY CHIEF
Orig. Comm.: Government Operations Appropriations Subcommittee	11 Y, 0 N	Lipsky	Topp

I. SUMMARY

Section 19(f), Article III of the State Constitution requires that all newly created trust funds terminate not more than four years after the initial creation unless re-created. This provision also requires that trust funds be created or re-created by a three-fifths vote of the membership in each house of the Legislature in a separate bill for the sole purpose of creating or re-creating that trust fund. The Mortgage Guaranty Trust Fund was created in the Office of Financial Regulation effective July 1, 2010, and is scheduled to terminate on July 1, 2014.

This legislation re-creates the Mortgage Guaranty Trust Fund within the Office of Financial Regulation without modification, effective July 1, 2013, provided that it is enacted by three-fifths of the membership of both houses of the Legislature.

This bill has no fiscal impact.

II. SUBSTANTIVE ANALYSIS

A. PRESENT SITUATION:

1. MAJOR STATUTES THAT CONTROL THE TRUST FUND:

Section 19(f), Article III of the State Constitution requires that all newly created trust funds terminate not more than four years after the initial creation unless re-created. This provision also requires that trust funds be created or re-created by a three-fifths vote of the membership in each house of the Legislature in a separate bill for the sole purpose of creating or re-creating that trust fund. The Mortgage Guaranty Trust Fund was created in the Office of Financial Regulation effective July 1, 2010, by chapter 2010-135, Laws of Florida, in section 494.00173, Florida Statutes and is scheduled to terminate on July 1, 2014.

2. BRIEF DESCRIPTION OF THE FUND'S USES OR PURPOSES:

This trust fund is used to compensate borrowers who have filed eligible claims for monetary damages against loan originators, mortgage brokers, and mortgage lenders.

3. MAJOR SOURCES OF REVENUE FOR THE FUND:

Moneys in the trust fund consist of annual fees imposed on loan originators, mortgage brokers, and mortgage lenders licensed pursuant to chapter 494.

4. TOTAL PROJECTED RECEIPTS INTO THE FUND AND CURRENT YEAR APPROPRIATIONS FROM THE FUND:

The total projected receipts into this fund for the current year are \$593,000 and current year appropriations from the fund are \$60,000.

B. EFFECT OF PROPOSED CHANGES:

This legislation re-creates the Mortgage Guaranty Trust Fund within the Office of Financial Regulation without modification, effective July 1, 2013, and repeals the scheduled termination of the trust fund.

III. FISCAL ANALYSIS & ECONOMIC IMPACT STATEMENT

This legislation has no fiscal impact on state agencies or state funds, on local governments as a whole or on the private sector. It simply re-creates, without modification, an existing state trust fund and continues the current use of the fund.

IV. COMMENTS

V. AMENDMENTS/COMMITTEE SUBSTITUTE CHANGES