

**LEGISLATIVE SERVICES AGENCY  
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**FISCAL IMPACT STATEMENT**

**LS 7586**

**BILL NUMBER:** HB 1394

**NOTE PREPARED:** Feb 13, 2009

**BILL AMENDED:** Feb 12, 2009

**SUBJECT:** Mortgage Transfer and Securitization Disclosure.

**FIRST AUTHOR:** Rep. DeLaney

**FIRST SPONSOR:**

**BILL STATUS:** CR Adopted - 1st House

**FUNDS AFFECTED:**  GENERAL  
 DEDICATED  
 FEDERAL

**IMPACT:** State & Local

**Summary of Legislation:** The bill requires a transfer of mortgage to be recorded if it is on real property for which the borrower is receiving the homestead standard deduction at the time the mortgage is issued or the transfer is made.

It provides that if a lender transfers a mortgage on real property for which the borrower is receiving the homestead standard deduction at the time the mortgage is issued or the transfer is made, the lender must notify the borrower, record a mortgage securitization disclosure statement, and pay a fee.

The bill provides that the fee is \$250, if the transfer involves the securitization of the mortgage with other mortgages, or \$100, if the transfer is not part of a securitization with other mortgages. It deposits \$0.50 of the fee in the recorder's record perpetuation fund and the remainder in the state General Fund.

**Effective Date:** July 1, 2009.

**Explanation of State Expenditures:** The Department of Financial Institutions (DFI) could incur additional costs to receive copies of recordings, and prepare and publish an annual report concerning the recordings received.

The funds and resources required above could be supplied through a variety of sources, including the following: (1) existing staff and resources not currently being used to capacity; (2) existing staff and resources currently being used in another program; (3) authorized, but vacant, staff positions, including those positions that would need to be reclassified; (4) funds that, otherwise, would be reverted; or (5) new appropriations. Ultimately, the source of funds and resources required to satisfy the requirements of this bill

will depend upon legislative and administrative actions.

Background: In FY 2008, the DFI reverted \$598,900 to the Financial Institutions Fund, a dedicated fund. On January 5, 2009, the DFI had seven vacant positions with a combined salary of \$383,110.

Explanation of State Revenues: There are no data available to indicate how many recording fees of \$250 or \$100 may be collected for the transfer of the securitization of mortgages for homesteads with standard deduction at the time the mortgage is issued. The state General Fund would receive \$99.50 or \$249.50, depending on whether the transfer is done individually or involves the securitization with other mortgages.

Explanation of Local Expenditures:

Explanation of Local Revenues: The county recorder's record perpetuation fund will receive \$0.50 of every recording.

State Agencies Affected: DFI.

Local Agencies Affected: County recorders.

Information Sources:

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