

## Agency Proposal for Legislation for the 2017 Legislative Session

AGENCY NAME: COMMERCE - Allow Board of Housing to Service Additional Loans

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1.      What is the problem or issue?

The Board was approached by an in-state lender to take over servicing a handfull of loans that were not Board of Housing loans. The Department looked into if we could do this and our enabling legislation would not allow us to do so. The aforementioned loans ended up being sold to a loan servicer in Texas. The change in code would allow us to service other loans as requested by lenders and charge typical loan servicing fees.

2.      What do you want the legislation to do?

This legislation will delete one word, "it's", from the Board's enabling legislation to allow it to charge fees if it services a loan other than it's own loans.

3.      If possible, please list the MCA (Montana Code Annotated) sections that would need to be amended.

90-6-104, MCA.

General powers of the board. The board may:

(16) collect reasonable interest, fees, and charges in connection with making and servicing ~~its~~ loans, notes, bonds, commitments, and other evidences of indebtedness and in connection with providing technical, consultative, and project assistance services. Interest fees and charges are limited to the amounts required to pay the costs of the board, including operating and administrative expenses and reasonable allowances for losses that may be incurred.

4. If the proposed change requires additional funding, what funding sources do you propose (e.g., an increase in or both)?

The Board would earn fees and have associated costs for each loan it serviced. However, the Board is an enterprise fund so there would no general fund impact and based on interest to date the potential fiscal impact would be very minimal; unless servicing a substantially larger portfolio. At this time the Department is unaware of any in-state lenders interested in having their loans serviced by the Board.

5. Has similar legislation been requested in the past, been introduced in another state, or provided as a model act? If so, please provide a citation, reference, or point of contact.

No.