

UNSOLICITED
NON-EXECUTIVE AGENCY
FISCAL NOTE

AGENCY'S ESTIMATES

Date Prepared: March 30, 2015

Agency Submitting: Administrative Office of the Courts

Items of Revenue or Expense, or Both	Fiscal Year 2014-15	Fiscal Year 2015-16	Fiscal Year 2016-17	Effect on Future Biennia
Personnel (Expense)		\$62,138	\$62,138	\$125,000
Operating (Expense)		\$31,660	\$14,013	\$29,000
Carry Forward Med in Process (Revenue)			\$72,400	\$179,200
Mediation Service Fees (Revenue)		\$216,800	\$188,800	\$377,600
Payments to Mediators (Expense)		\$144,400	\$174,000	\$371,200
Reserve Med in Process (Expense)		\$72,400	\$87,200	\$185,600
Total	0	(\$93,798)	(\$76,151)	(\$154,000)

Explanation

(Use Additional Sheets of Attachments, if required)

See the attached fiscal analysis prepared by Verise Campbell, Program Manager of the Foreclosure Mediation Program.

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Title Budget Manager

Fiscal Note: SB321 (BDR 9-728) –Mediation Prior to Notice of Default (NOD)

SB321 (BDR 9-728) will likely increase the number of homeowners participating in the Foreclosure Mediation Program (FMP) by including homeowners who have demonstrated a documented hardship and are in imminent risk of default. One additional full-time equivalent (FTE) will be required to accommodate the increase in mediations and an increased operating budget to process documents, including Certificates of foreclosure.

The bill draft will require a change to the FMP Case Management System (CMS) to add a new case type, scheduling triggers, data entry screens, new forms and reporting screens for mediations and Certificate issuance.

Supplemental funding to accommodate salaries, modification of the CMS, and additional operational expenses will be required. There will be an approximate fiscal impact in the amount of \$93,798 in FY 2016, and \$76,151 in FY 2017.

These figures are based on estimated workload generated using a 50% average of the projected NODs filed in the FMP biennium budget for FY 2016 and FY 2017, and based on a participation rate of 15% each year. That would equate to the eligibility of 3,610 properties, and 542 homeowners participating in pre-NOD mediation in FY 2016. It would also equate to 3,153 eligible properties in FY 2017 with 472 homeowners participating for the year.

Fiscal Impact for Proposed Mediation Prior to NOD		
Description	FY 2016	FY 2017
FTE	62,138	62,138
Operating Supplies	333	333
Printing	970	970
Postage State Mail ¹	5,592	5,592
Information Technology ²	24,265	6,618
Mediator Training	500	500
Total Fiscal Impact	93,798	76,151

The above costs do not include Mediation Services Fees, which are collected and passed through to mediators upon completion of mediation, and cannot be used for operational expenses. Anticipated Mediation Services Fees are \$216,800 for FY 2016; and \$189,200 for FY 2017.

This bill draft does not contemplate a fee structure to support the FMP.

¹ Estimated additional monthly printing is \$466 for mailing of approximately 11,200 postcards, and 1,900 Certificates per year.

² Approximately 104 hours required for Case Management System enhancements to include “Pre-NOD” component in 2016; and subsequent system changes in 2017.